

Purchasing Week

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\$6 A YEAR U. S. AND CANADA \$25 A YEAR FOREIGN

'Upstarts' Force Shift in Steel Price Strategy

New Consent Decree Line Puts Business on Pricing Tight-Rope

A P/W WASHINGTON BUREAU ANALYSIS

As everybody knows, the government has told the electrical industry to go and rig prices no more, and return to the righteous path of old-fashioned competition. Now Uncle Sam is having some second thoughts about this path, too. The fear is that the big fellows, if left unchaperoned, will crowd the little boys off the road via deliberate price-cutting.

The upshot is that the Justice Dept. is asking the electrical people to sign consent decrees which stipulate that:

1) The defendant will not sell his products at "unreasonably low" prices when 2) there is a "reasonable probability" that this will kill competition.

If this gambit of sticking a piece of the Robinson-Patman (equitable price) Act into the electrical consent decrees works, you're sure to see it pop up in other antitrust areas involving prices. One electrical manufacturer—the C. H. Wheeler Mfg. Co.—has signed so far. One giant—General Electric—is balking mightily.

Two-Fold Objections

Objections to the Justice Dept.'s latest be-good device are twofold, say the opponents, because:

- Practically, the government is putting the defendants into a position where they can be doubly damned—for selling on either the high or the low side.

- Long-range, it puts the government into the price-policing business so deeply that it almost amounts to government price-stabilization.

Opponents of the decrees are so firm in these objections that the courts might well get another go-round of the electrical case.

For its part, the Justice Dept. seems to believe that the electrical industry has pricing problems which will continue, it probably remembers the violent price wars which racked the industry in the mid-1950's.

Decrees Are a Warning

But why insist on this controversial clause when it's already part of an existing law? This is simply the way consent decrees work. Their provisions set forth restrictions which any businessman knows are prohibited by law, so the decrees are designed as a warning to offenders not to break the law again. If consent decrees are violated, the penalties can be stiffer than initial antitrust criminal sentences. That's because fines for violation of the antitrust law are limited to \$50,000; but violators of consent decrees are subject to contempt-of-court proceedings, and there is no limit to penalties for this.

Also when a corporate offender is operating under terms of a consent decree, it's easier for the government to initiate contempt-

(Turn to page 33, column 4)

Purchasing Week's Panorama

- **Radio Gives Purchasing a Hand** at Champion Paper. The spread on pages 18-19 shows how the big paper company centers control of its purchasing functions in Materials Management and uses radio to handle the logistics.

- **Is it Wiser to Buy a Home or to Rent?** 'Personal Perspective' on page 12 takes up that perennial question, and also touches on other timely nonprofessional areas such as FM-stereo, home safety and car insurance.

- **The Range of Research and Development** gets ever wider. The R&D column on page 26 gives you a rundown on some of the latest products and materials now under development in the labs of big and small companies alike.

- **There's Nothing New About Identical Bids.** So says P/W Consultant Joseph W. Nicholson in 'Professional Perspective' on page 16. Nicholson traces the history of identical bids and tells what P. A.'s should do about them.

How to Locate Product Data Quickly

No two P.A.'s—or their secretaries—are apt to file vital new-product information the same way. For example, you could file data on a new steel desk under "desks," "office furniture," or the manufacturer's name, or who knows what. How can such information be retrieved quickly and completely?

Beginning next week, Purchasing Week will lend a hand with this problem. Each item listed in "Your Weekly Guide to New Products" will have a code number for standard filing.

These code numbers will be the widely used SIC designations prepared by the Technical Committee on Industrial Classification of the Budget Bureau's Office of Statistical Standards. Thus, no matter who files new-product material, it always can be located handily and accurately.

From time to time, listings will be printed of the SIC numbers most frequently used. Meanwhile, if you want the entire SIC code, you can buy it from Supt. of Documents, U. S. Government Printing Office, Washington 25, D. C.

Truck Sales Highballing Along; Backlogs Reported Building Up

Detroit—Truck sales are zooming, and manufacturers are boosting production by as much as 30% and in some cases resorting to double-shift operations. But backlogs are developing, despite this stepped-up activity.

Compacts are getting a big play in the current boom market, but things are moving so fast that it's difficult to tell whether they're selling at the expense of the standard-sized trucks or are piling up additional sales for the industry. Early reports from a few manufacturers show:

- **Ford** reports that Econoline vans and pickups accounted for 17% of its January-May sales total.

- **White Motor Co.** said it has (Turn to page 34, column 1)

FPC Soon to Spell Out Federal Gas Price Role

Washington—Decisions are shaping up at the Federal Power Commission that will spell out more clearly the federal government's role in regulating natural gas prices. Over-all, the outlook is for tighter controls, faster action on rate cases, and greater reluctance on the part of the commission and in Congress to let gas prices advance as they have been doing in recent years.

Signaling the start of this new governmental effort to take uncertainty out of gas prices was (Turn to page 34, column 2)

Identical Bids Depose 'Buy-American' Policy

New York—The city Transit Authority abandoned its traditional "Buy-American" policy in an attempt to break up a pattern of identical bids by U. S. manufacturers of lead cable.

The TA said it would purchase 6,120 ft. of cable for \$25,704 from Pitman Electrical Products Co., sales agent for Pirelli Co., St. Johns, Que. This was the first order placed with a for- (Turn to page 3, column 1)

Big Mills Forced To Counterpunch; Buyers Also Add to Pressure

Pittsburgh—Hard-bargaining buyers have forced gasoline price war tactics on some segments of the steel industry. And steel men are wondering now how much conditions may worsen before they get better.

So the big drive now is to maintain a sort of status quo in steel industry pricing while producer confidence dwindles in the hope that come October they will be able to hypo profits with some sort of price increase.

The toughest blow of all to major steel pricing philosophy and policy came last week when smaller, so called marginal producers of steel products along with highly competitive imports needled U. S. Steel Corp. into junking its price lists on reinforcing bars, a major item in highway and other major construction.

U. S. Steel's move was aimed at under-cover price shading that had been going on for some time. But in the minds of some steel industry observers, it raised the more "global" question of just how much pricing control remains in the hands of the major producers.

U. S. Steel's tactics in the rebar situation marked a major departure from the usual practice of issuing new lists or citing specific discounts as in the instances of price shading on stainless steel and oil country pipe products in recent weeks. By withdrawing price lists on rebars—the biggest selling item hit so far in the continuing round of price-cutting—the company apparently gave its salesmen authority to negotiate prices with individual buyers throughout the country.

"Admittedly this is perhaps just another case of price-cutting on a special product in which there has been terrific competition from both domestic and foreign producers," one steel industry authority commented. "But if anything more like this hap- (Turn to page 33, column 1)

Tin Council Calls Parley To Curb Soaring Prices

New York—The International Tin Council convenes in London next week to discuss spiraling tin prices. Industry experts already are speculating that the meeting may result in a boost in tin price ceilings to \$1.25/lb.

Such a boost would result in a further firming of U. S. tags, which last week soared to \$1.13/lb.—the highest in over eight years. The move also would cut down on sales of the Tin Council's buffer stocks, keeping a lid on prices. Thus, the Council would not have to dump supplies on the market until the London price hit \$1.25/lb.

The near-term upward pressure, which has pushed prices up 13% since the beginning of the current year can be traced (Turn to page 34, column 4)

Purchasing Week's Purchasing Perspective

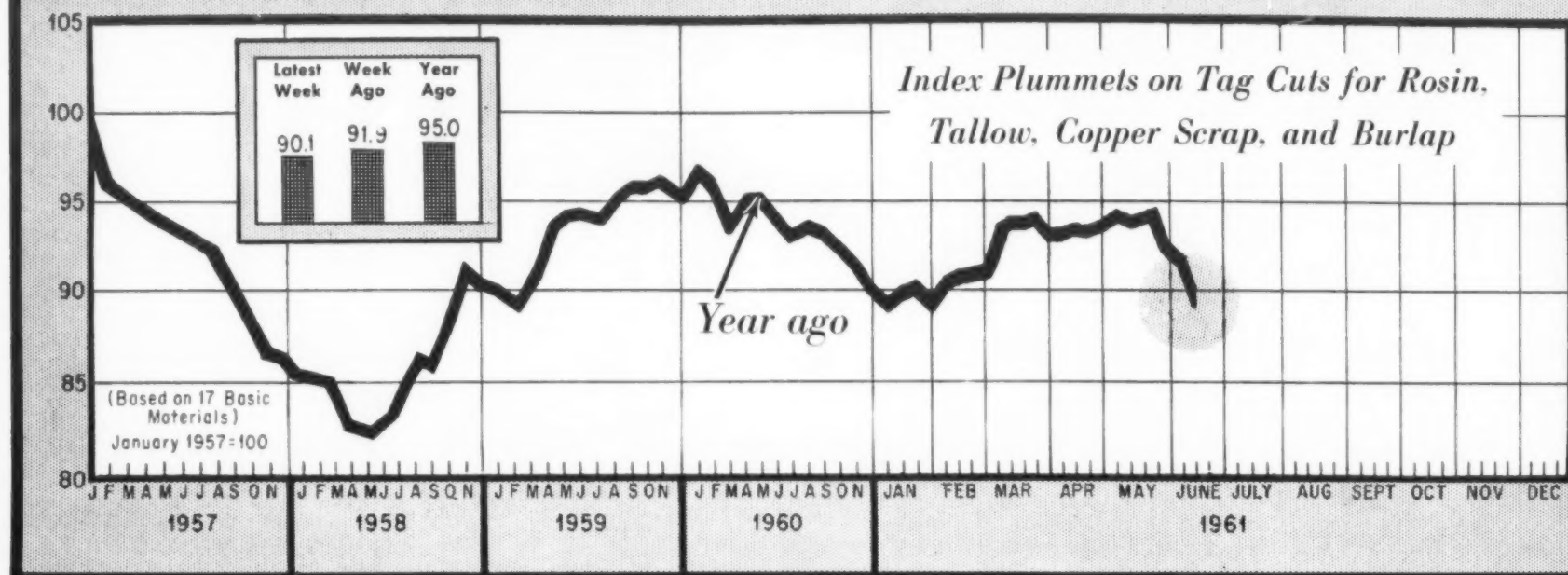
Uncertainty over future industrial pricing policy and practices is adding drama to what so far has been a steady, sure but as yet unspectacular business comeback. Another element of suspense will be added later this month when the auto industry opens the year's most important round of labor contract negotiations.

- This week's Price Perspective (see p. 2) makes the point that because of plentiful production capacity, sensitive raw materials prices have been holding remarkably steady in the face of the continuing upturn. It's an unusual situation that in itself has introduced an element of uneasiness in some quarters.

- The pot is still boiling furiously in the aftermath of the (Turn to page 33, column 4)

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

	June 14	June 7	Year Ago	% Yrly Change
METALS				
Pig iron, Bessemer Pitts., gross ton	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.	5.98	5.98	5.975	+ .1
Steel, bars, Pitts., cwt.	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.	5.30	5.30	5.30	0
Aluminum, pig, lb.	.26	.26	.26	0
Secondary aluminum, #380 lb.	.219	.219	.241	- 9.1
Copper, electrolytic, wire bars, refinery, lb.	.306	.306	.326	- 6.1
Brass, yellow, (sheet) lb.	.493	.493	.506	- 2.6
Lead, common, N.Y., lb.	.11	.11	.12	- 8.3
Nickel, electrolytic, producers, lb.	.74	.74	.74	0
Tin, Straits, N.Y., lb.	1.128	1.116	1.014	+11.2
Zinc, Prime West, East St. Louis, lb.	.115	.115	.13	-11.5
FUELS†				
Fuel oil #6 or Bunker C, Gulf, bbl.	2.20	2.20	2.10	+ 4.8
Fuel oil #6 or Bunker C, N.Y., barge, bbl.	2.62	2.62	2.47	+ 6.1
Heavy fuel, PS 400, Los Angeles, rack, bbl.	2.10	2.10	2.15	- 2.3
Lp-Gas, Propane, Okla., tank cars, gal. (incl. discount)	.025	.025	.035	-28.6
Gasoline, 92 oct. reg., Chicago, tank car, gal.	.12	.115	.121	- .8
Gasoline, 84 oct. reg., Los Angeles, rack, gal.	.109	.111	.109	0
Kerosene, Gulf, Cargoes, gal.	.093	.093	.09	+ 3.3
Heating oil #2, Chicago, bulk, gal.	.088	.088	.085	+ 3.5
CHEMICALS				
Ammonia, anhydros, refrigeration, tanks, ton	94.50	94.05	90.50	+ 4.4
Benzene, petroleum, tanks, Houston, gal.	.34	.34	.34	0
Caustic soda, 76% solid, drums, carlots, cwt.	4.80	4.80	4.80	0
Coconut oil, inedible, crude, tanks, N.Y. lb.	.128	.129	.155	-17.4
Glycerine, synthetic, tanks, lb.	.25	.25	.293	-14.7
Linseed oil, raw, in drums, carlots, lb.	.170	.167	.168	+ 1.2
Phthalic anhydride, tanks, lb.	.195	.195	.165	+18.2
Polyethylene resin, high pressure molding, carlots, lb.	.275	.275	.325	-15.4
Polystyrene, crystal, carlots, lb.	.18	.18	.215	-16.3
Rosin, W.G. grade, carlots, fob N.Y. cwt.	12.03	13.50	14.00	-14.1
Shellac, T.N., N.Y. lb.	.31	.31	.31	0
Soda ash, 58%, light, carlots, cwt.	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton	23.50	23.50	23.50	0
Sulfuric acid, 66° commercial, tanks, ton	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.	.068	.076	.058	+17.2
Titanium dioxide, anatase, reg. carlots, lb.	.255	.255	.255	0
PAPER				
Book paper, A grade, Eng finish, Untrimmed, carlots, cwt.	17.75	17.75	17.75	0
Bond paper, #1 sulfite, water marked, 20-lb, 16-carton lots, cwt.	25.20	25.20	25.20	0
Chipboard, del. N.Y., carlots, ton	100.00	100.00	100.00	0
Wrapping paper, std. Kraft, basis wt. 50 lb rolls	9.50	9.50	9.50	0
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle	6.60	6.60	6.30	+ 4.8
BUILDING MATERIALS‡				
Cement, Portland, bulk carlots, fob New Orleans, bbl.	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.	4.20	4.20	4.18	+ .5
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm	115.00	115.00	124.00	- 7.3
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm	125.00	125.00	137.00	- 8.8
Spruce, 2x4, s4s, carlots, fob Toronto, mftbm	85.00	85.00	88.00	- 3.4
Fir plywood, 1/4" AD, 4x8, dealer, crld, fob mill, msf.	68.00	68.00	64.00	+ 6.3
TEXTILES				
Burlap, 10 oz. 40", N.Y., yd.	.118	.123	.120	- 1.7
Cotton middling, 1", N.Y., lb.	.344	.344	.343	+ .3
Printcloth, 39", 80x80, N.Y., spot, yd.	.175	.175	.211	-17.1
Rayon twill, 40 1/2", 92x62, N.Y., yd.	.205	.205	.235	-12.8
Cotton drill, 1.85, 59", 68x40, N.Y., yd.	.35	.35	.40	-12.5
Wool tops, N.Y., lb.	1.585	1.545	1.415	+12.0
HIDES AND RUBBER				
Hides, cow, light native, packers, Chicago, lb.	.185	.185	.205	- 9.8
Rubber, #1 std ribbed smoked sheets, N.Y., lb.	.300	.301	.460	-34.8

† Source: Platts' OILGRAM Price Service ‡ Source: Engineering News-Record

Purchasing Week's

Price Perspective

SOMETHING NEW—Current raw material price easiness in the face of continuing business recovery is almost without precedent.

In every other postwar recovery, sensitive raw materials have shot up as demand improved. In the first three months of the 1958 pickup, for example, crude prices shot up almost 5%. A similar rise occurred in the latter part of 1954 as the economy pulled out of the 1953-'54 downturn.

Contrast that to today's price situation. Sensitive tags right now are at the same level as in late February, when the economy was close to the recession low point.

Some people explain away the current failure of prices to rise by citing seasonal factors. They point out that raw material demand, and hence prices, generally taper off around June in anticipation of the summer slowdown.

But 1958 trends would seem to belie this argument. For prices rose steadily in June, July, and August of that year—as business pulled out of the 1957-'58 recession.

OVERCAPACITY is now generally accepted as one of the basic forces behind the current lack of price buoyancy.

It's no accident that key products such as steel, plastics, and chemicals have failed to rise with firming demand. The fact is that in every one of these cases capacity still far exceeds demand.

The table below presents PURCHASING WEEK's estimate of current operating rates for key raw material lines—and compares them to preferred rates as recently reported in McGraw-Hill's Capital Equipment Survey.

Product	Current Rate	Preferred Rate
Iron and Steel	71%	98%
Nonferrous Metals	81%	96%
Chemicals	78%	93%
Paper	88%	100%
Textiles	84%	97%

Note that in every single case current raw material operating rates lag well behind preferred levels. Such gaps are hardly conducive to the price rise that occurred during other recovery periods.

INTER-INDUSTRY COMPETITION is another element that is increasingly entering into the price picture. The recent cuts in stainless steel, for example, are directly aimed at combating inroads made by aluminum in the auto market.

What's more steelmakers have been badly hit by the decreased consumption of steel per unit car, resulting from the popularity of the compacts. Right now average per car use of steel is estimated at only 1.65 tons—down from the 1.75 tonnage figure of 1960 and the 1.82 tons of 1959.

Auto industry consumption of aluminum, on the other hand, while small in comparison with steel, is still rising. Kaiser Aluminum, for example, estimates that the average 1961 car will contain 62.1 lb. of the white metal—a 14% gain over last year's 54.4 lb.

And in the plastics field, recent cuts in Delrin (19%) and the introduction of Celcon—both highly touted metal substitutes—aren't calculated to make metal producers' lives any easier. Delrin, for example, is already being used for a substitute for zinc die castings in the instrument panels of some 1961 car models.

This type of inter-industry competition has an important effect on over-all material price levels. With so many substitutes waiting in the wings, the "across-the-board" price boosting techniques of other years has become extremely risky.

Emery Industries Cuts Azelaic Tags As New Plant Goes Into Production

New York—Emery Industries reduced its azelaic acid price by 3¢/lb. to 37¢/lb. for carload lots.

Azelaic acid (nonanedioic acid) is used primarily in the production of vinyl plastics plasticizers, synthetic lubricants for jet engines, and polyesters.

At the same time Emery instituted similar tag cuts on its azelaic esters and on Plastolein 9078 LT, a proprietary plasticizer based on azelaic acid.

These price cuts are the latest in a series that started a month ago with reductions of 2¢ to 4¢/lb. in oxo alcohols and phthalate and adipic acid esters—chemicals used for plasticizers in flexible vinyl plastics.

Emery Industries timed its price cuts to coincide with on-stream entry of its new \$6-million Cincinnati plant for production of azelaic by ozone oxidation.

The new facility increases several-fold the firm's capacity for both azelaic acid and pelargonic acid (another starting material for plasticizers). The company expects important cost-cutting advantages from the new equipment.

In addition, Emery Industries is also marketing four new low-cost polymeric plasticizers—plastolein 9722, 9730, 9750, and 9765. Prices range from 34¢/lb. (9730) to 40¢/lb. (9765).

This Week's Scrap Prices

	June 14	June 7	Year Ago	% Yrly Change
Steel, #1 hv, dlvd Pitt, ton.....	37.00	37.00	31.00	+19.4
Steel, #1 hv, dlvd Cleve, ton.....	34.50	34.50	30.00	+15.0
Steel, #1 hv, dlvd Chic, ton.....	38.00	38.00	29.00	+31.0
Copper, #1 wire, dlr buy, fob NY, lb.....	.255	.255	.235	+8.5
Copper (hv) & wire mix, dlr buy, fob NY, lb.....	.235	.235	.210	+11.9
Brass, light, dlr buy, fob NY, lb.....	.13	.145	.105	+23.8
Brass, hv yellow mix, dlr buy, fob NY, lb.....	.15	.145	.115	+30.4
Alum (cast), mixed, dlr buy, fob NY, lb.....	.10	.10	.10	0
Alum (sheet), old clean, dlr buy, fob NY, lb.....	.095	.095	.095	0
Zinc, old, dlr buy, fob NY, lb.....	.03	.035	.04	-25.0
Lead, soft or hard, dlr buy, fob NY, lb.....	.07	.07	.083	-15.7
Rubber, mix auto tires, dlvd Akron, ton.....	11.00	11.00	11.50	-4.3
Rubber, synth butyl tubes, East, dlvd lb.....	.063	.063	.08	-21.2
Paper, old corrug box, dlr, Chic, ton.....	16.00	16.00	15.00	+6.7
Paper, #1 mixed, dlr, NY, ton.....	1.00	1.00	1.00	0
Polyethylene, clear, dlr, NY, lb.....	.07	.07	.11	-36.4

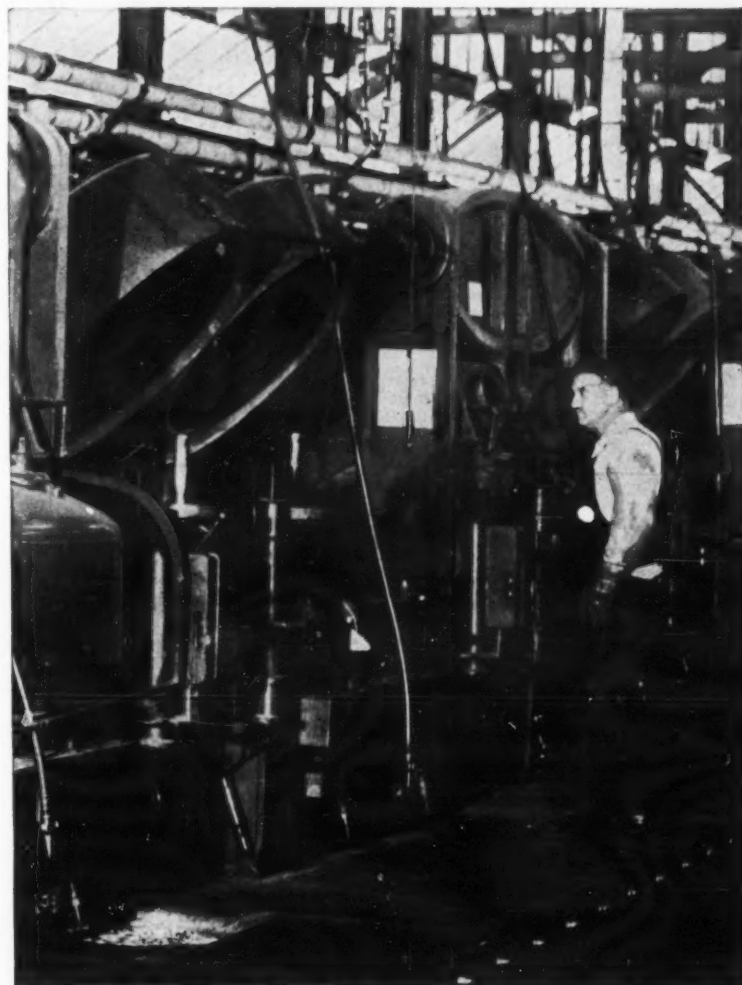
Seaway Officials Ponder Office to Promote Traffic

Washington — St. Lawrence Seaway Development Corp. is considering opening a traffic promotion office in a lake port city such as Detroit, Chicago, or Milwaukee.

The move, which has been under consideration since early May, has already been approved by the corporation's five-man advisory board. But there is no suggestion, Seaway administrators say, of moving headquarters out of Massena, because the corporation must maintain an operations office there.

SILICONE NEWS from Dow Corning

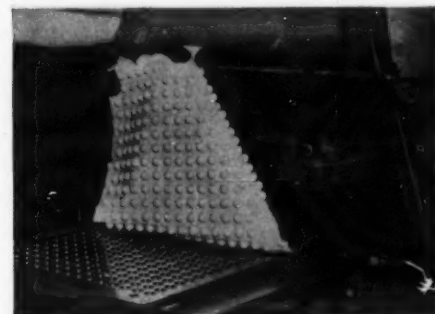
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Price Briefs

Ethylene Diamine—Union Carbide is reducing tags on this key chemical 2¢/lb. The move is aimed at simulating new uses.

Ethoxylates—Prices on this raw material for synthetic detergents are down 3.1¢/lb. Competition is behind the cut.

Acrilan—Monsanto is reducing prices of its Acrilan acrylic carpet staple 6¢/lb. The new price is 89¢/lb.

Potassium Chloride—Effective July 1, International Mineral and Chemical Co. is boosting the chemical grade to \$31/ton—up \$2 from the previous price.

Asphalt Tile—Producers are boosting prices some 3.4% on black and brown asphalt tile, effective July 1. Higher costs are behind the move.

TA Drops Traditional 'Buy American' Policy

(Continued from page 1)
eign supplier in the TA's six-year history.

Pitman's bid was about 11% below identical bids of \$28,959 submitted by Anaconda Wire and Cable Co. and General Cable Corp. Three other American concerns also bid on the contract, but their bids were submitted too late for consideration. The TA said one of them, U.S. Steel's American Steel and Wire Div., also bid \$28,959.

The TA said Anaconda, General Cable, and American Steel and Wire, together with three other U.S. manufacturers — Okonite Co., Phelps Dodge, and J. L. Roebling—had been submitting identical or nearly identical bids on lead cable for a number of years.

Earlier this year, the TA said, the six companies submitted identical bids of \$5,563 on a contract for supplying 1,800 ft. of cable. At that time, the TA reported to Atty. Gen. Robert F. Kennedy that it was receiving a "clear pattern of identical bids" on lead cable and steel subway car wheels.

Purchasing Week's Washington Perspective

President Kennedy's economic advisers insist that the economy needs the stimulus of extra federal spending. They take sharp issue with Prof. Arthur F. Burns, once chief economic aid to former President Eisenhower. Burns called them "neostagnationists" in a recent speech. He said full employment may well be reached in 15 or 18 months without any nudges from the government. New spending programs, he said, would "court inflation and a gold crisis."

Kennedy's council of economic advisers issued a special paper to refute Burns. First, they say the pace of recovery is not fast enough to get the unemployment rate below 5% in the third quarter of 1962. Burns and the Kennedy council agree that a 4% unemployment rate constitutes "full employment." Second, they note that all the new Kennedy spending proposals amount to only \$724-million. This, they contend, will not cause any inflation while unemployment remains high.

Kennedy's council does not propose removal of all monetary and fiscal brakes on the economy. "If the recovery moves more rapidly than we now expect," says the council, "these brakes can be applied to avert inflationary hazards."

An improvement in the employment picture in May is noted by the Labor Dept. The number of workers on nonfarm payrolls rose by 500,000 between April and May, almost double the usual rise. Even more significant was a job increase of 150,000 in durable goods manufacturing—chiefly in steel, autos and fabricated metal plants.

In direct contrast, the Securities and Exchange Commission reports that sales and earnings of U.S. manufacturing corporations declined in the first quarter of this year. The largest declines were in the durable goods industries. Profits after taxes were at their lowest level in almost three years.

Coal industry hopes for a wide-ranging study of federal fuel policies have dimmed somewhat. The industry wants a well financed study by a special Senate committee to determine if fuel oil imports should be curbed. But at hearings last week Sen. Clinton P. Anderson (D-N.M.) showed a strong preference for a study by the Interior Committee he heads. Coal representatives don't feel that a standing committee could conduct the kind of broad inquiry they want.

If Anderson prevails, coal people will turn to Speaker Sam Rayburn (D-Tex.) in the House. He is sitting on a committee-approved resolution to create a select House group to make such a study. Rayburn decided to hold up action on the resolution to see what the Senate would do.

Congress is expected to go along with President Kennedy's proposed reorganization of federal maritime functions. What he wants to do is divorce completely the ocean shipping regulation functions of the Federal Maritime Board and the subsidy functions of the Maritime Administration. The chairman of the board now serves as Maritime Administrator. Subsidy functions would be handed over to the Secy. of Commerce under the Kennedy plan. A similar proposal comes from Rep. Emanuel Celler (D-N.Y.), chairman of the House Antitrust Subcommittee which conducted a long and critical inquiry into competitive practices in ocean shipping.

The Civil Aeronautics Board plans to carve a bigger government role in airline mergers. It plans to be a matchmaker in some cases rather than wait for the market to inspire mergers. The board served notice to this effect in ordering an investigation to determine whether Northeast Airlines should be "integrated" with another carrier. The board did not consult with Northeast before making its move.

Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	2,042	2,052	1,756
Autos, units	134,926	93,821*	147,599
Trucks, units	25,446	18,332*	26,675
Crude runs, thous bbl, daily aver	8,172	8,360	7,836
Distillate fuel oil, thous bbl	12,434	12,474	12,443
Residual fuel oil, thous bbl	5,893	6,524	5,749
Gasoline, thous bbl	29,586	29,060	28,939
Petroleum refineries operating rate, %	82.4	84.3	80.2
Container board, tons	160,739	156,754	168,617
Boxboard, tons	101,497	89,568	102,777
Paper operating rate, %	87.5	91.9*	96.1
Lumber, thous of board ft	220,943	226,266	216,708
Bituminous coal, daily aver thous tons	1,366	1,355*	1,427
Electric power, million kilowatt hours	15,004	13,887	13,766
Eng const awards, mil \$ Eng News-Rec	403.3	662.0	583.2

*Revised

New Pentagon Buying Cadence: 2-Step Bidding

Washington — The Pentagon has developed a new procurement procedure known as "two-step formal advertising" which combines the advantages of negotiated buying and open bidding for purchase of equipment where precise design is not so important as specific performance characteristics.

Thomas D. Morris, Assistant Secretary of Defense for Installations & Logistics, described the new buying practice last week to the Joint Congressional Economic Subcommittee on Defense Procurement. The subcommittee, headed by Sen. Paul Douglas (D-Ill.), held a hearing on what the new Administration is doing to improve military procurement and other supply policies.

Blends Benefits

The new procedure blends the competitive benefits of open bidding with the flexibility afforded by negotiated procurement. Bidders are invited to submit designs to meet specified performance criteria. No price or cost estimate is sought at this stage. The contracting agency then examines the designs, approving those which "would appear to provide an item with desired performance." In the next stage, bidders with approved designs submit sealed bids on their proposals. The contract is then awarded to the lowest bidder.

Said Morris: "This procedure . . . should broaden competition and allow the government to purchase some technical items by formal advertising which formerly were procured by negotiation."

In the past two years, the Air Force has used the "two-step formal advertising" procedure experimentally to buy some \$70-million worth of equipment, notably in the electronics field. Morris' office recently approved the plan for general contracting use by all military contracting agencies.

Morris said the new Administration is pushing as hard as possible to increase competition for defense contracts. But he said formal advertised bidding is "too artificial and too rigid" to be a complete remedy. He said, however, that he has "reissued and reemphasized our policy of giving preference to the use of formal advertising procedures whenever feasible and practicable, even though legal authority may exist for negotiation."

Rate Opportunities

Revealing the results of a recent analysis of \$11.2-billion worth of military procurement during July-December 1960, Morris said there are "great opportunities" for more competitive military buying and for "substantial price reductions."

The analysis shows that about 60% of the buying was "non-competitive." Of this percentage, 25% of the contracts stemmed from "single-source solicitations" and about 35% represented "follow-on" contracts. The latter refers to additional production runs by producers who were awarded initial contracts on a competitive basis.

Of the 40% described as competitive, only 13.3% of the contracts were placed through formal advertising. About 6% were placed through "technical and de-

sign competition" and 21% through "informal price competition" — small business set-asides, small-lot purchases, and the like.

Morris said the Pentagon is striving to reduce the amount of single source procurement in negotiated contracting. To achieve this goal, the military services have been directed to (1) define their requirements and provide funds well in advance of actual contract negotiations; and to (2) prepare the necessary technical data and specifications "at the earliest time possible."

Such measures, Morris implied, would bring more potential suppliers into the negotiations for new contract awards when open advertised bidding is not feasible.

The assistant secretary outlined the Pentagon's program to "improve the management of procurement." This calls for increased training of procurement personnel, sharper control over reimbursable costs paid to contractors, simplified specifications to eliminate "unnecessary and overly expensive features" in military products, and tighter auditing of contract costs.

Waterways Operators Hit New Move By Railroads to Acquire Barge Line

Portland, Ore. — American Waterways Operators will intervene before the ICC to oppose application of the Norfolk & Western and Chesapeake & Ohio railroads to buy the Island Creek Fuel & Transportation Co. The action was authorized at the quarterly meeting of the AWO executive board here.

The AWO has been involved

in a long, drawn-out fight against application of the Illinois Central and Southern Pacific to buy the John I. Hay Co. of Chicago, a barge line operating on the Mississippi. In that case an ICC examiner has recommended commission disapproval.

Barge lines are greatly concerned about dwindling profits in the face of increasing tonnage.

"The net revenue picture for water transportation is very poor," AWO president Braxton B. Carr told PURCHASING WEEK. "Something has to be done. This, of course, is not peculiar to us. It's the same with the railroads, the truckers and the airlines. We don't know the answer."

He said the AWO will continue its opposition to bills before Congress that would set up waterway tolls estimated at about two mills per ton mile. AWO estimates this rate would knock out of business about 25% of the shallow draft navigation industry.

The industry is banking considerably on a campaign statement by President Kennedy in flat opposition to waterway tolls. It is concerned that he has made no statement on the question since his inauguration.

Carr said the AWO would like to see hearings on a bill by Sen. Ralph W. Yarborough (D-Tex.) to control geographic discrimination in competitive pricing of transportation. The AWO favors this proposed amendment of the ICC Act, as it also does a bill by Sen. Robert Bartlett (D-Alaska), which would tend to compel compensatory rates on competitive products. The railroads are fighting both bills.

Crude Oil Import Quotas Slashed East of Rockies

Washington—Crude oil imports east of the Rocky Mountains have been cut to the lowest level since mandatory import controls were imposed two years ago.

The Interior Dept. set imports of crude and unfinished oils at 670,933 bbl./day for July through December east of the Rockies, and at 230,298 bbl./day on the West Coast. The respective levels for the comparable period last year were 704,328 bbl./day, and 263,303 bbl./day.

The cut in total crude and unfinished oil imports into the U.S. amounts to about 64,400 bbl./day from the last half of 1960 to the last half of this year.

Senate Group Takes Up Bill Revising Regulations On Barge Exemptions

Washington — The Senate Commerce Committee is considering legislation to permit regulated barge operators to mix exempt and non-exempt commodities in the same tow. The regulated carriers long had this privilege, but the Interstate Commerce Commission last month reversed an interpretation of the law that had permitted the practice.

At a hearing last week, ICC Chairman Everett Hutchinson and a Kennedy Administration spokesman endorsed the proposed legislation, provided Congress places a time limit of one or two years on it.

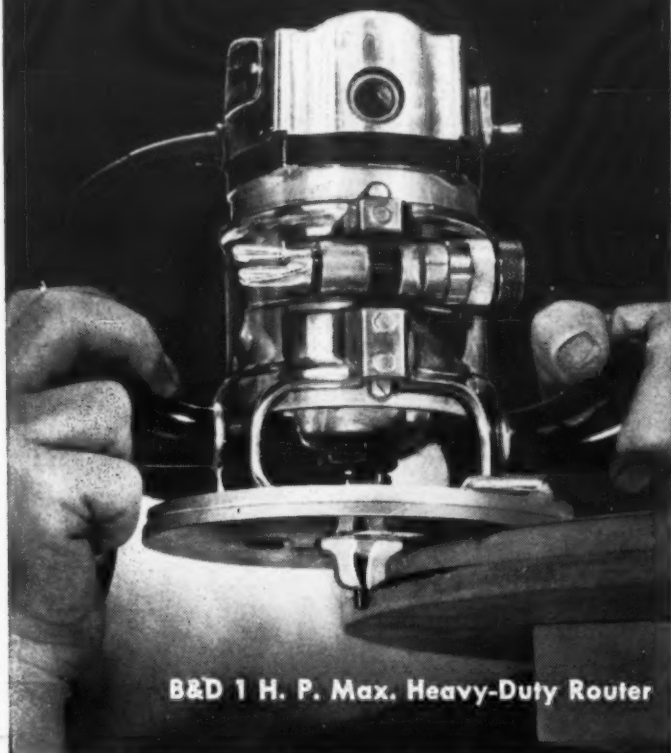
Both Hutchinson and Frank Barton, Deputy Undersecretary of Commerce for Transportation, said they would like to see removed altogether the exemption from regulation granted to commodities which move in bulk by barge. The exemption is granted to bulk commodities when no more than three such commodities are moved in the same tow.

Hutchinson said allowing exempt commodities to be moved in the same tow with non-exempt commodities really represents an expansion of exemption when the exemption ought to be withdrawn altogether.

J. W. Hershey, chairman of the board of American Commercial Barge Line Co., said he favored outright repeal of the exemption also but that the proposed legislation is needed as an interim step.

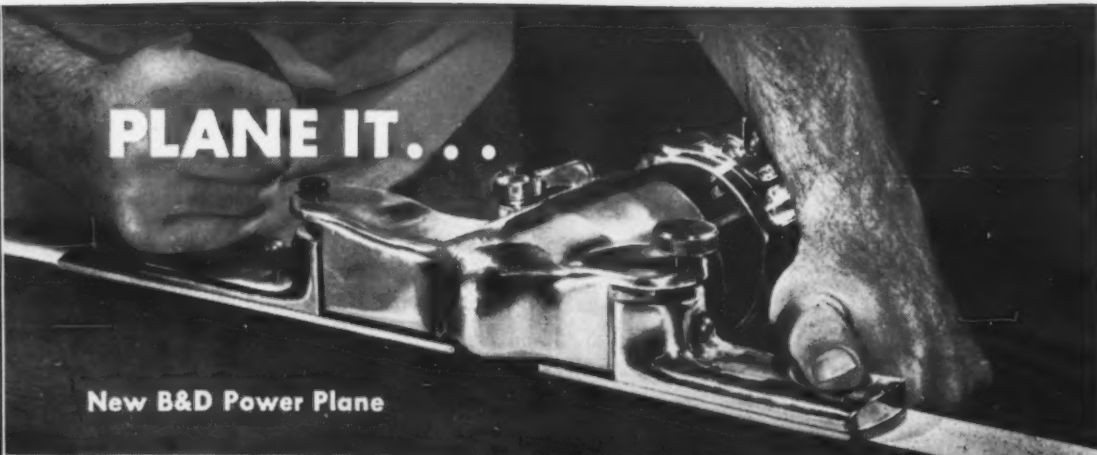
Requiring common carrier barge operators to move regulated and unregulated commodities in separate tows will force them to put obsolete equipment back into service to provide the necessary vessels. "This," he said, "will place an intolerable cost burden on use which can only be borne by passing part of it on to the public."

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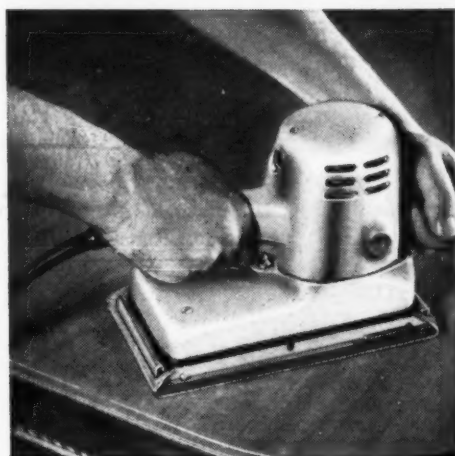
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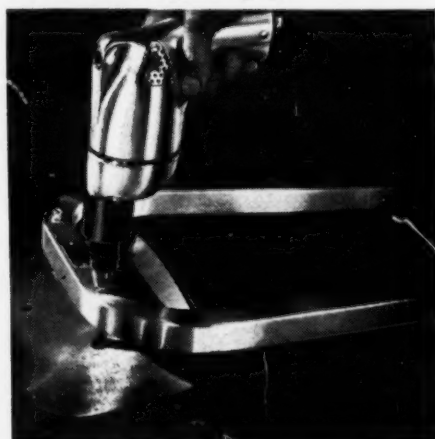
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Consumers Seen Poised for New Buying Splurge

New York—The latest consumer credit figures show that the buying public is in a healthy position to give an upward shove to the business recovery.

Over the first third of the year, consumers reduced their total indebtedness by more than \$2-billion—from slightly over \$56-billion at the end of 1960 to just under \$54-billion as of May 1, 1961.

Repeat Performance

The timing and pattern of current debt reduction is an almost exact repetition of what happened in the 1957-58 recession. In the first third of 1958 consumer credit declined by \$2.2-billion. In each case the decline in installment credit accounted for most of the debt reduction—\$1.2-billion in 1958, and \$1.3-billion in 1961 (see chart).

In the 1957-58 period, debt paring cut the ratio of consumer indebtedness to disposable income from 15.7% to just under 15%. That paved the way for a subsequent consumer credit expansion that helped pick up the entire economy.

Similar Situation

The situation today is almost identical—right now indebtedness amounts to about 13.7% of the public's disposable income, compared to 14½% at the end of 1960.

And the current debt reduction has come about in the same way as in the previous recession—through cutbacks in the following three consumer borrowing categories:

• **Automobile debt**—Consumers cut down their automobile purchases steadily for five months up to last March. Result: Repayments on automobile loans exceeded new loan extensions by \$666-million.

• **Other consumer goods debt**—In the same way consumption cutbacks in appliances and furniture reduced other outstanding consumer goods paper by \$830-million.

• **Charge accounts**—This is the one category in the noninstallment credit area that is highly responsive to recession influence. Since January charge accounts have declined by half a billion dollars (the drop amounted to over \$1-billion from December levels, but the latter was inflated by Christmas demand).

Income Rising

Added to all this is the fact that the consumer's personal income is rising. It started to go up in March—after dropping from October through February—and all projections indicate the trend will continue through early 1962. This enables him to increase his borrowing without taking a bigger bite of his earnings.

The probability, however, is that he will increase his indebtedness-income ratio with the improving economic outlook. Consumption is picking up in the very areas where consumer debt reduction has been sharpest.

Automobile sales are on the upswing compared to earlier in the year. The end of May marked the first 1961 period where they

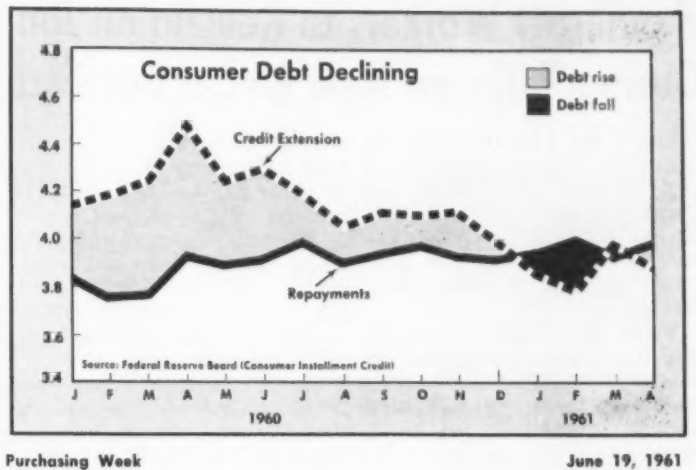
exceeded year-ago levels. Continuation of favorable year-to-year comparisons means that new consumer automobile loans will keep exceeding repayments.

Other Rises Seen

Business analysts see retail sales of home furnishings and appliances also rising from their recent low points. These items are "importantly affected by the trend in residential construction," said

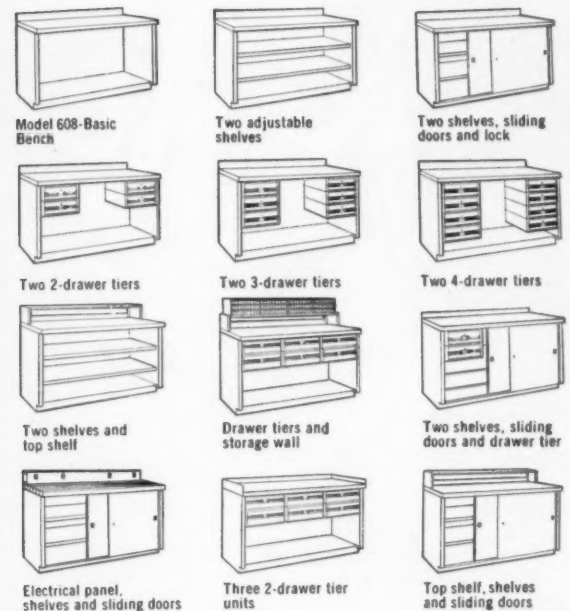
economist William W. Tongue at a recent meeting of the National Industrial Conference Board. Since a definite pickup in new housing starts is in the cards, he continued, "this should generate a sharp rise in sales of nonautomotive durable goods stores."

As for charge accounts, the pickup has already begun. In April, charge accounts rose \$92-million over March, the first gain in three months.



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Kennecott Workers to Remain on Job During Talks on New Union Contract

Salt Lake City—Workers at Kennecott Copper Corp.'s four U.S. Western Div. mines and plants have agreed to continue on the job after their current contract expires June 30, even if no new wage agreement has been reached.

Verne Curtis, contract negotiator for International Union of Mine, Mill and Smelter Workers, said union members will keep working after June 30 on a day-to-day basis. However, he

warned, if the wage talks make no progress after that date, it is probable a strike will be called in late July or early August.

The next meeting between the union and Kennecott was scheduled to take place here June 26. The union is asking for a substantial pay hike together with additional fringe benefits.

Most of the other U.S. copper producers have labor contracts which do not come up for negotiation until mid-1962 or later.

Prison-Made Bargains Available, P.A.'s Told

Sheboygan, Wis.—Two controversial subjects—purchasing prison-made items and setting tire specifications—were the main topics at a meeting here of the Wisconsin Assn. of Public Purchasers.

Charles Liner, manager of Wisconsin State Prison Industries, told the P.A.'s that they can buy prison-made products at prices that vary from 1% to 20% below the cost of similar items made by private companies.

Last year, the prisons sold

goods worth \$1,565,531, and a 10% increase in sales is expected this year, he said. The goods can be bought only by public agencies in the state—on a competitive bid basis in large quantities and from prison catalogs on smaller purchases.

Biggest buyer of prison goods last year was the state, which purchased about \$100,000 worth. Sizable purchases also were made by Milwaukee (\$7,055), Green Bay (\$4,400) and Racine (\$2,883). In each case, the prison purchases represented less

than 1% of the total annual buying of the governmental unit.

Among the products made in the prisons are: steel and wood furniture shelving, chairs, lockers, license plates and tags, street and highway signs, road paint, clothing, decals, and bicycle racks.

Liner pointed out that at one time public agencies were required by law to purchase the prison products. "This was found to be unwise, and the law was changed to allow public agencies to purchase from us as they see fit. Our quality of products immediately improved, and we placed bids along with private sellers and took our chances of getting enough business to keep our people busy. We have been successful," he said.

In setting tire specifications, P.A.'s at the meeting agreed that the two most important criteria to be considered are the number of plies and the type of tread. Some P.A.'s reported that they also specify by tire level. Big problem here is that a 125-level (premium-quality) tire made by a small manufacturer may only be the equivalent of a 100-level (original equipment quality) tire made by a large manufacturer.

Most of the larger buyers said they are trying to get around the specification problem by establishing lists of qualified tire brands on which they will accept bids. Milwaukee, for instance, has set up a road testing program under which tires can qualify for its acceptable brands list on the basis of their original mileage, percentage of recapability, and recap mileage.

Smaller buyers reported they are purchasing tires at "State of Wisconsin" list prices, less 2% discount for cash. The state list prices, published by the tire manufacturers average about 43% less than retail list prices. Purchasing agents representing the larger public agencies said they are getting discounts of from 6% to 21% off the state list prices, in addition to the cash discount.

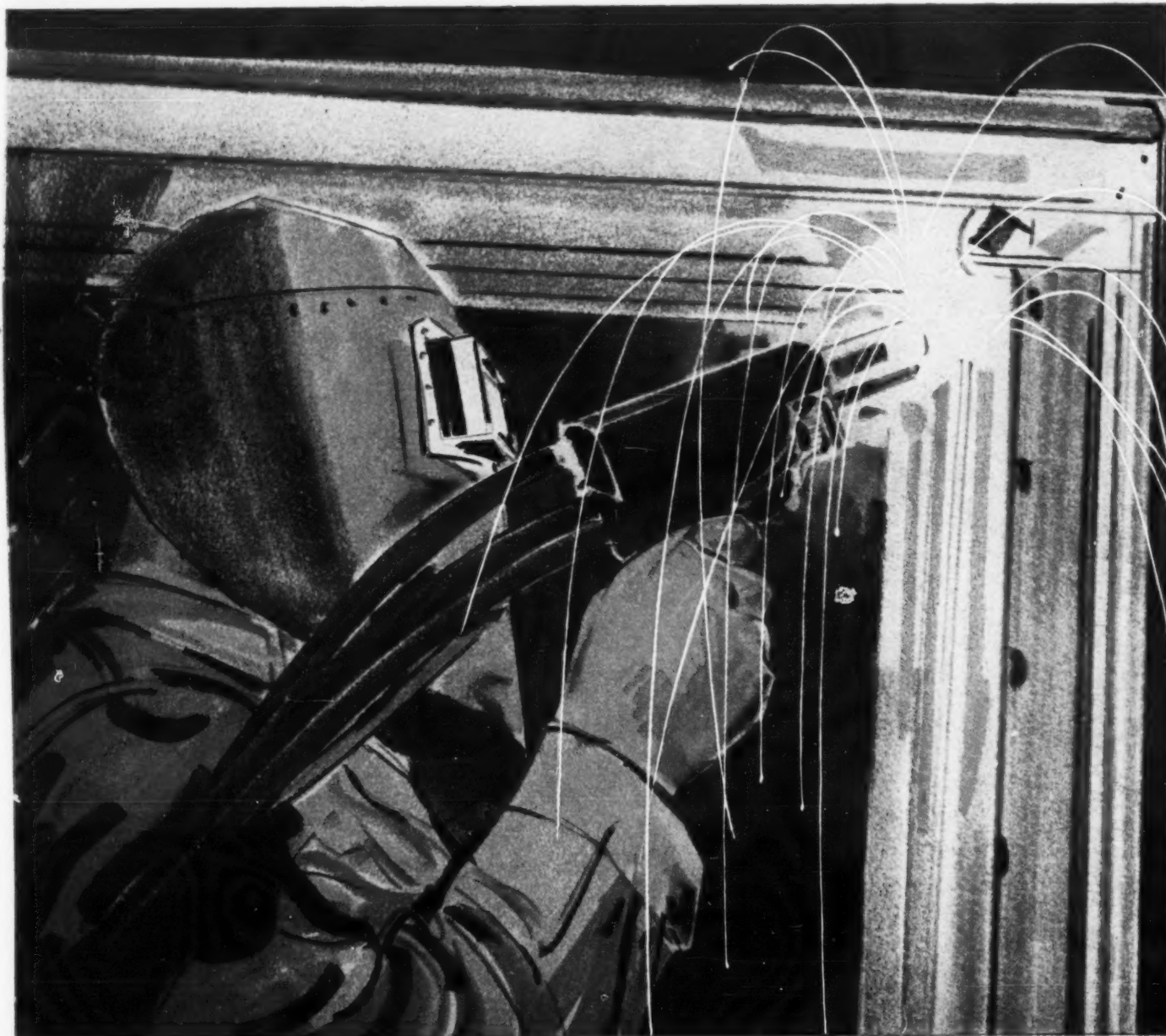
House Okays Measure On Dual Ocean Rates; Senate Action Uncertain

Washington—Legislation legalizing the dual rate system used in ocean shipping has cleared the House and gone to an uncertain fate in the Senate.

Under the dual rate system, steamship conferences charge lower rates to shippers who agree to use only the vessels of conference members. The system is an old one, but a 1958 Supreme Court decision cast doubt on its legality. Interim legislation approving the practice expires June 30.

The House bill, written by the Merchant Marine Committee, contains safeguards designed to insure that the system is not used as a means to drive competing independent steamship operators out of business.

Rate structures approved by the conferences will have to be approved by the Federal Maritime Board and submitted in advance of their going into effect.



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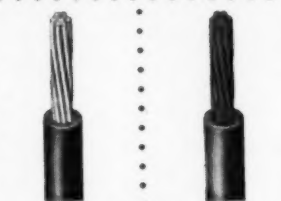
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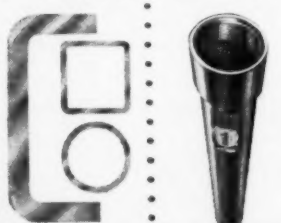
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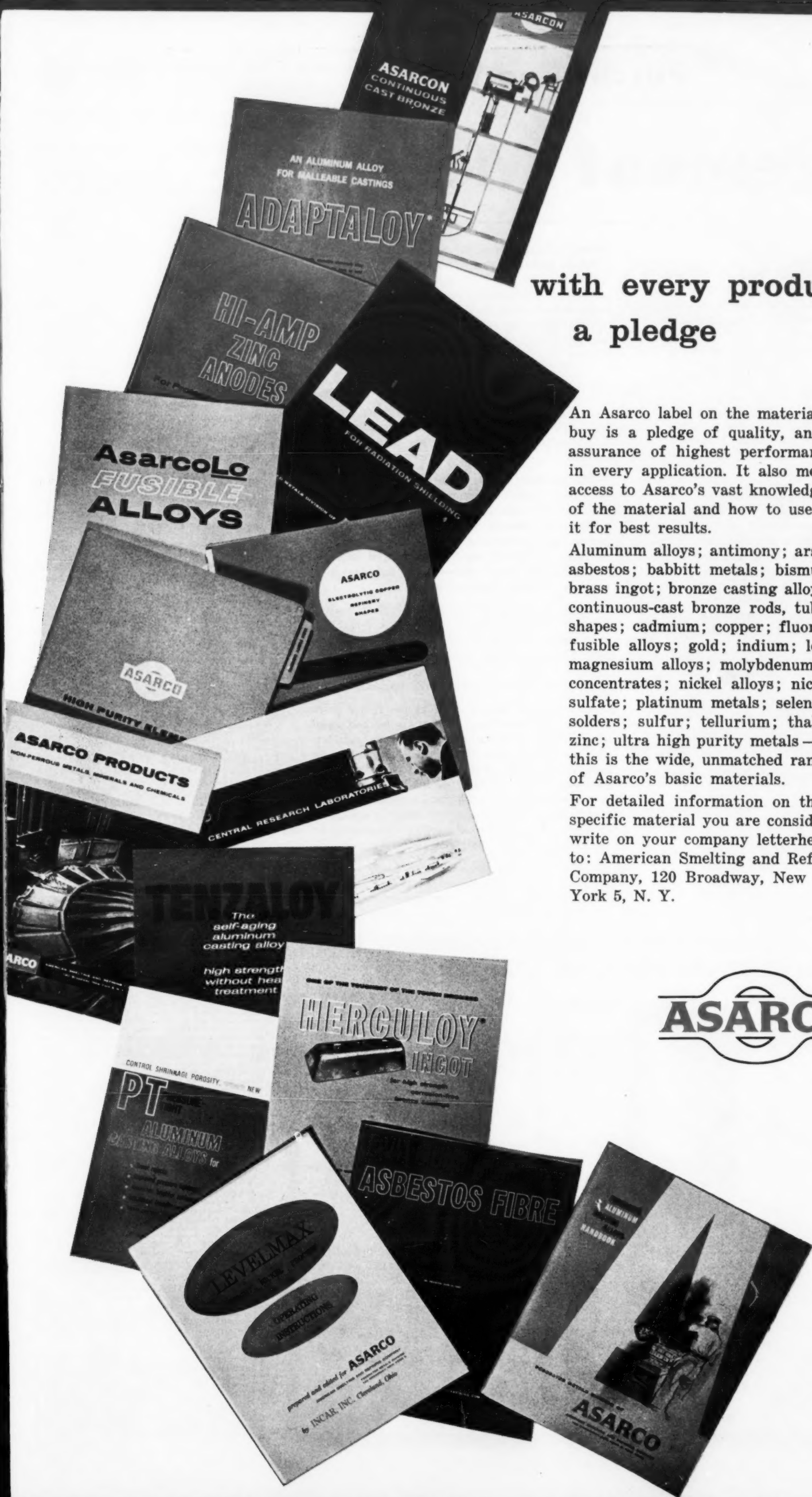
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Management Memos

The Art of Thinking

An expert—specialist if you will—has been defined as someone who knows more and more about less and less. He has been called a "learned ignoramus," who encloses himself within one small corner of knowledge, while progressively losing contact with other fields and mental occupations.

He may even proclaim it as a virtue that he doesn't know anything outside the narrow field to which he has restricted himself and loudly condemn as dilettantism the efforts of others to cultivate a more general scheme of knowledge.

To say that we must depend more and more on the decisions of these narrow specialists, because they alone are equipped with the necessary scientific or technical knowledge, is to overlook the essentials on which all decision-making must turn, according to Edward C. Banfield.

Writing in "Challenge," Banfield warns executives against abdicating their primary role as decision makers because of an exaggerated idea of the amount of background information required for sound judgments. Decision-making is an art, he contends, that depends more upon the mysterious processes of intuition or insight than it does upon technical knowledge and a vast array of facts. The subjective element, he argues, often constitutes the greater part of most decisions—the technical elements are only a small part of the whole.

Specialists often suffer from what Banfield calls a "trained incapacity" to distinguish between what is important and what is trivial. But intuitive disregard of all but what is most essential is the hallmark of all the great decision-makers. Thus, politicians, businessmen, lawyers, and journalists who have the rare gift of intuitive thinking are able to absorb quickly enough information to make practical judgments—precisely because their minds are not cluttered up with a mass of trivia about the subject under consideration.

Banfield sums up his views on decision-making in these broad terms:

- We cannot escape the necessity of using judgment—if not our own, then someone else's; and if not good judgment, then bad.
- In general, we should devote ourselves less to forming opinions on important issues than to esti-

imating the capacity of others (persons and institutions) to make judgments for us.

• Above all, persons in command should be given sufficient authority to make decisions without undue interference. In the absence of such authority, fact-gathering enterprises are at best a waste and at worst a dangerous deception and encumbrance.

Quality Control In Las Vegas

Operators of gambling casinos in Nevada have gone in for statistical quality control in a big way, according to Charles Hirsch, quality control manager for one of the biggest houses in Las Vegas.

The gambling industry, Hirsch told delegates to a quality control convention in Philadelphia, is extremely sensitive about its reputation for honest dealing—for obvious reasons. First of all, it's subject to rigid government scrutiny at all times, and secondly, customers must be convinced they are all taking the same risks—if the industry is to continue to enjoy their patronage.

Then again, as Hirsch points out, the casino must protect itself against dishonest players as well as employees who attempt to tamper with the various gambling devices for their own ends. Thus, if a casino wants to stay in business, it must exert a tight control over its gambling equipment—which means, in quality control terms, 100% inspection.

According to Hirsch, most of the design work on dice, slot machines, playing cards, and chips evolved out of harsh experience with gamblers who were out to beat the house by fair means or foul. For example, of the 200-odd parts that make up a typical slot machine, about 90% are put in to prevent tampering with the mechanism. Hirsch reports that a slot machine will return a maximum of 5½% of the money invested (by the players) to the casino—if it is completely tamper-proof.

Although his technical knowledge of gambling equipment qualifies him as something of an expert on games of chance, Hirsch admits there's one question he can't answer: Is there any system to beat the house?

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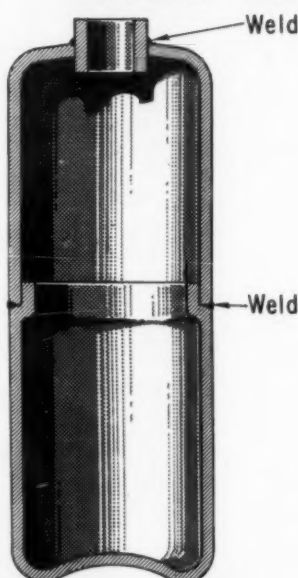
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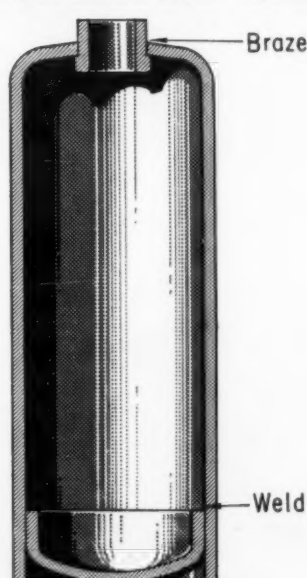
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Purchasing Week Asks

Should the purchasing department have ultimate responsibility for raw material inventory control?



A. J. DeCarlo, manager purchases, Military Electronic Computer Div., Burroughs Corp., Detroit:

"I believe conditions of organization, operation, etc., should determine this. Several years ago when we were much smaller and completely centralized, purchasing was responsible for material control. As our size and complexity increased, we found it advisable to decentralize purchasing and place it in a position where it could serve as an independent check."



R. A. Weckstein, purchasing manager, G-V Controls, Inc. (thermal time delay relays, etc.), Livingston, N. J.:

"My answer is a qualified 'yes.' Purchasing could have ultimate responsibility if provided with forecast and usage data. The specialized knowledge of market conditions that it obtains can be applied to advantage. I believe the best approach is through materials management, where one functional unit is responsible for data gathering and procurement."



V. M. Lewis, general purchasing agent, Dowell Div., Dow Chemical Co., Tulsa:

"Our company does not manufacture but does maintain a sizable inventory of chemicals for distribution to many of our operating locations. Control of this inventory is the joint responsibility of the purchasing and works departments. Purchasing is responsible for selection of supplier, negotiation of price, placement of orders, and follow-up of orders. It also recommends economical order quantities and disposal of surplus and obsolete materials. I feel joint control is effective and best for us."



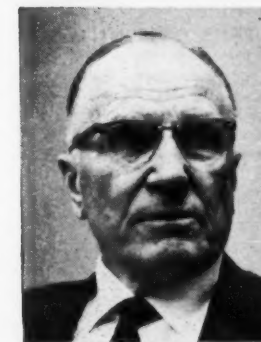
B. H. Hawkins, purchasing agent, National Broach & Machine Co., Detroit:

"Purchasing's prime function is to select the source, judge the price and quality, and plan deliveries to meet production requirements. Responsibility for inventory control should remain with raw material stores, if requisitions from production planning are channeled through stores. This may vary with size and type of plant. Inventory control and stores, both raw and finished materials, should in some manner be functional with purchasing."



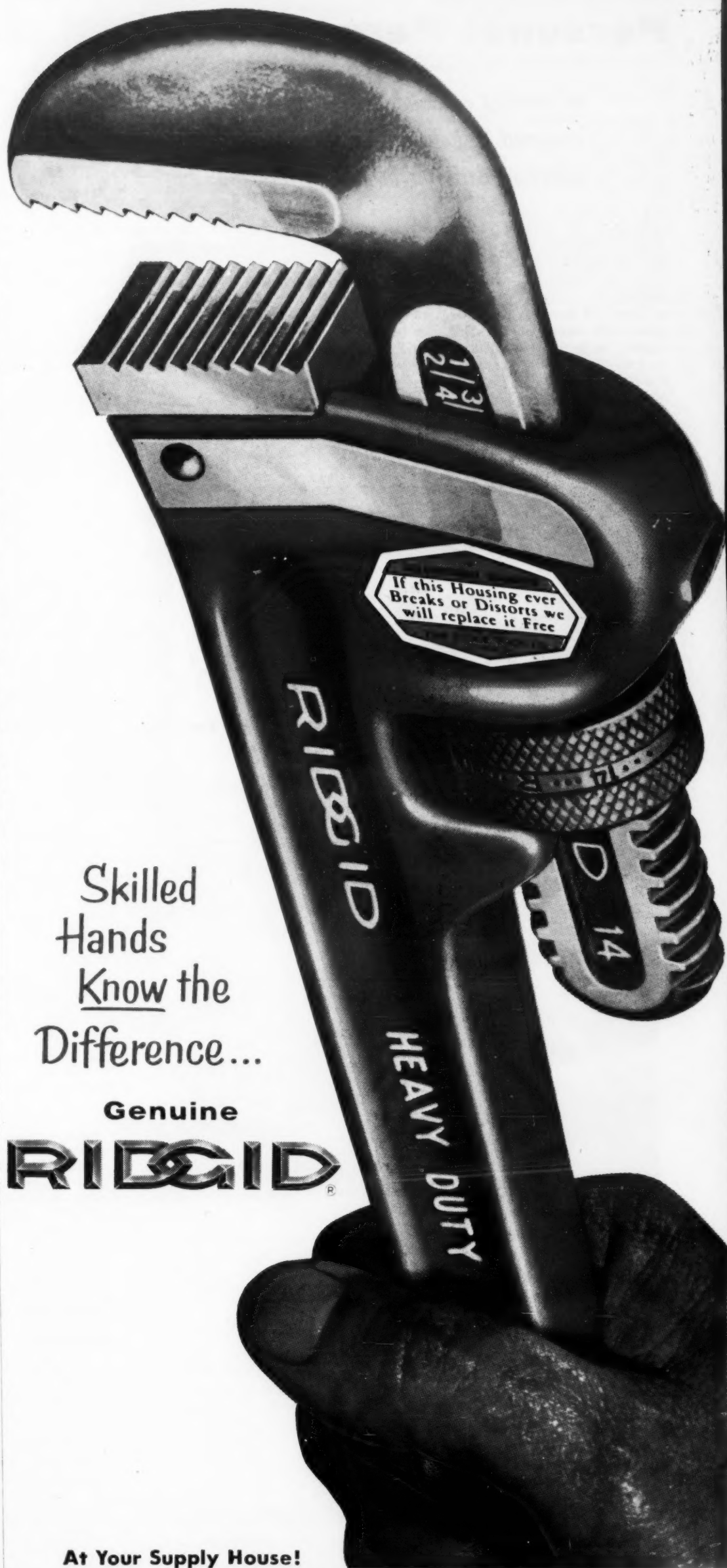
W. L. Alkire, director of purchasing, Mathes Co., Div. of Republic-Transcon Industries, Inc. (residential and commercial air conditioners etc.) Marble Falls, Tex.:

"In our operation purchasing is also responsible for material control and perpetual inventory. Through close association and tight team work, the purchasing department thus has the ultimate responsibility and control of raw material inventory."



W. J. Farwell, purchasing agent, Jones & Laughlin Supply Div., Tulsa:

"After the raw material framework is set, it should be purchasing's responsibility to fill it in. Without long range planning, purchases are too frequently made on a day-to-day basis with delivery being the prime consideration. A good buy under this arrangement is a lucky buy. Long range planning + value analysis + EOQ + market trends + transportation + make-or-buy applied to raw material purchases = a finished product competitively profitable."



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Personal Perspective

A roundup of timely information designed to help you make better informed decisions in your private life.

About this time of year, the home-ownership bug begins to bite people. Leaving emotional considerations aside, is it financially wise to saddle yourself with a house—as opposed to renting one?

On the whole, the odds are in favor of buying. This statement becomes sounder with every step you go up the income-tax ladder. In fact, in the middle-to-higher tax brackets the savings can become so substantial that Washington periodically dreams about taxing such benefits (it's highly unlikely that this will happen, though). To guide your thinking in a broad way, here is an example cited by PURCHASING WEEK Consultant Sydney Prerau:

• Suppose you bought a \$22,000 home and wangled a \$20,000 mortgage at 6%. Your total cost for the house at the end of the mortgage (20 years) would be \$34,600.

• Of course, you'll have to pay real-estate taxes and repairs. But your real-estate taxes and interest are deductible from your income taxes. In fact, the

federal deduction for interest alone would come to \$2,500 in the lowest bracket.

• At the end of the 20 years, you have a paid-up asset which certainly has some cash value and conceivably may even show a profit, or capital gain.

• At the other end of the scale, you incur no interest, repairs, or real-estate taxes while renting; but you will have to shell out maybe \$100 a month in rent, or a total of \$24,000 over the stretch. This money, of course, is up the flue.

Thus the balance in your favor via purchasing can be very considerable.

Whether you buy or rent your living quarters, a certain amount of physical peril always is lurking in them.

One of the worst—and most common—in the estimation of the Greater New York Safety Council is the lack of a grab-bar alongside tub or shower.

Another is the absence of a flashlight that really comes through in emergencies (the alternative, of course, is to fool around with matches or candles).

Other peril points: Small rugs without non-slip backing; inadequate electrical wiring; storing household poisons (lyes, bleaches, medicines) where kids can get at them; untidy scattering of furniture and toys; and—more treacherous than you might think—can openers that leave jagged edges.

Stereo fans soon will be able to pull multi-dimensional music out of the air. The Federal Communications Commission has just approved "multiplex" broadcasting for FM stations—meaning that they can send out a sort of dual signal which, when picked up and piped through two speakers, gives a true stereo effect.

As things stand right now, here is the reception picture:

• If you have a stereo console with a regular FM set in it, you can get an adapter for \$40 to \$70 to bring in the additional stereo signal.

• If you are starting from scratch, you'll have to wait a while to get an FM set, specially built for multiplex reception. Table models may run in the \$100 class. Consoles will be much, much higher.

• If you currently have a simple, table-model FM, let it alone. It isn't worth the conversion, and—despite multiplexing—will continue to pick up the main FM signal anyway.

Note the mood of the various states to be tough about their automobile "financial responsibility laws" (West Virginia is the latest). This should cue in the wise car owner to examine the whole rigmarole of liability insurance and how it affects him. Here's the broad picture:

• In three states—New York, North Carolina, and Massachusetts—liability insurance is compulsory. In the rest, you're on your own. But there's a hitch to it: Whenever you are involved in an accident of any consequence, the state's "financial responsibility" laws require that 1) you have adequate insurance, or 2) post security against an adverse judgment. Thus in West Virginia you now have to put up as much as \$25,000 unless your insurance totals 10-20-5 (\$10,000 for each person, \$20,000 per accident, and \$5,000 property damage).

Monsanto Chemical to Build Ammonia Terminal in Iowa

Muscataine, Iowa—Monsanto Chemical Co. said it will build a 15,000-ton anhydrous ammonia terminal at a site four miles south of here on the Mississippi River.

T. K. Smith, Monsanto vice president and general manager of the company's Agricultural Chemicals Div. said construction of the storage facility will begin in June.

The unit will be located on a tract of approximately 500 acres that offers convenient access by both railroad and barge from the company's ammonia manufacturing plants at El Dorado, Ark., and Luling, La.

• Often when an under-insured or uninsured person gets into a scrape, he tries to buy insurance in a hurry. But this may not be so simple as it sounds for this reason:

• Insurance companies could consider him a doubtful risk and refuse to sell him at normal rates. Instead, they'll dump him into an "assigned risk" pool—a co-operative setup which sells at prices ranging from 35% to 150% above regular levels. Moreover, the "assigned risk" pool limits the size of its policies, because—on the whole—such pools are money-losers.

The moral of the whole thing is to carry enough insurance in the first place—whether it's mandatory in your state or not.

As a footnote on "assigned risk" insurance: While a poor record is the quickest way to get shoved into a pool, there are some drivers who can't get insurance through regular channels for a variety of reasons and enter a pool as a "clean risk". Often these are beginners; in most states they don't have to pay a higher rate.



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Crash Buying Spree Triggered by FM Stereo

New York—P.A.'s can get some idea of what is involved in a purchasing crash program by looking over the shoulders of their colleagues in the radio industry who find themselves caught up in a race between leading manufacturers to get on the market with FM stereo multiplexing systems.

Multiplexing—a new system to transmit and receive a single radio signal stereophonically—is the hottest thing since TV, according to FM market experts. This signal can be picked up

either by a standard FM radio with a multiplex adapter or by FM radios with multiplexing receivers completely installed.

What makes the present situation unique from a purchasing man's point of view is the suddenness with which it all happened. Producers (a majority) not in on the original research and development found themselves in the middle of a production race with the few who were on the ground floor. The P.A.'s naturally were in the thick of the production hassle.

Officially, the race started last April, when the Federal Communications Commission gave the green light to two multiplex broadcast systems—one by General Electric Co., the other by Zenith Radio Corp.—and set June 1 as the date on which broadcasting could begin.

Complications

But there were numerous complications. For one thing, there was the matter of patents. Although GE and Zenith are the only two firms with FCC-

approved transmitter systems, Crosby-Teletronics has entered the field with its own device (patented in 1958) which it believes meets all FCC standards. At stake is the right to license

Multiplexing Explained

Starting this summer FM stations will begin broadcasting stereophonic signals. Here in a nutshell is how multiplexing works:

- Music, either live or stereo recording, goes into two widely separated microphones and proceeds to a "mider" which generates two signals—a main channel signal and a subcarrier signal.
- The main channel signal will be transmitted as normal FM so that pre-stereo FM radios will get their usual reception.
- At the same time the subcarrier signal rides piggyback on the main channel and contains the part of the music which will supply the stereo effect.
- Your multiplex radio actually picks up two signals and sends them out through two separate speakers. Result: The FM station plays just like stereo records.

other firms to manufacture transmitters and collect royalty fees.

This has an important bearing on the production race, because companies getting set to produce transmitters are in the uncomfortable position of having to make a decision as to which company they'll sign up with while the patent situation is still unresolved.

And firms that are getting set to produce adapters find themselves in the difficult position of having to put out a receiver unit without the means to test it. George Cohn, purchasing agent for Lafayette Radio Electronics, sums up their testing quandary this way:

"If we were coming out with a new stereo cartridge, for example, it would be easy to buy a stereo record to try it out. But there is no source of signal now on the air to test our multiplex adapters. So we have to buy parts to build a laboratory transmitter first before we can even get going on the receiver adapters."

Information Sharing

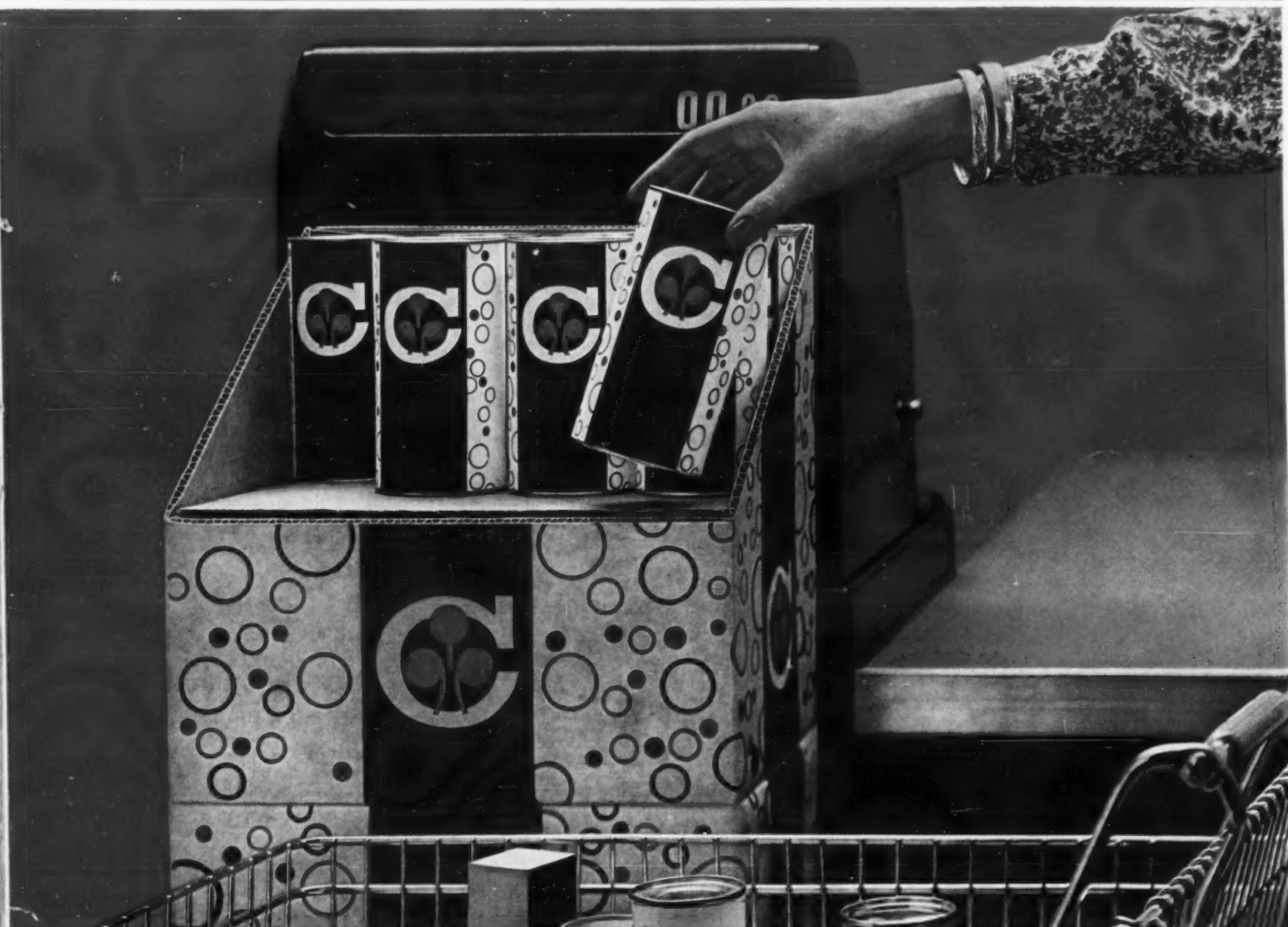
In the fight to sign up manufacturers, all three firms—Crosby, GE, and Zenith—are offering engineering help and advice on producing their transmitters. Besides being good business, this willingness to share the information with potential licensees is one way of avoiding charges of monopoly. GE even went a step further and offered a list of potential suppliers to the companies attending its multiplexing seminar.

Fortunately for P.A.'s, the bulk of vendor supplied parts for multiplexing is composed of standard items. And what's more the production drive comes at a seasonally slow period when suppliers are better able to cope with speeded up delivery demands. Most P.A.'s say they're taking the whole thing in stride and depending on vendor loyalty to see them through.

No Panic Button

At Granco Products, Inc., for example, management gave purchasing a four-week period to get materials, but the deadline had to be met without disrupting other schedules or beefing up the purchasing department's personnel. Says Ernest Sonders, Granco materials manager, "We aren't pushing the panic button because we're used to this kind of thing—it's the way we make our living. However, this whole thing came at a lucky time of the year from the purchasing standpoint."

Purchasing agent for Pilot Radio Co., Paul Lefko puts it this way: "Too many electronics companies cry wolf too often to their suppliers. We usually do not, but this is one of the instances in which we are on the spot. We're telling our suppliers that this is a crash program, and because they know that we do not ordinarily cry wolf unless it is so, they are coming to our aid on



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This Changing Purchasing Profession

Richard G. Schorling has advanced from assistant vice president-purchasing and property to vice president-purchasing and property, **Continental Airlines**, Denver.

Haylett O'Neill has been assigned the newly created post of manager, Purchasing Dept., with the responsibility of coordination of all material and equipment purchases for **Humble Oil Co.**, Houston. O'Neill, who joined the company in 1934, was in charge of purchasing for the



R. G. Schorling



Haylett O'Neill

Southwest region. He was 1959-60 president of the **Houston Purchasing Agents Assn.**

John V. Patton was made plant

manager and director of purchases at **W. W. Sly Mfg. Co.**, Cleveland. He is succeeded as purchasing agent by **Howard Ash**, formerly assistant purchasing agent.

J. N. Noll has been promoted to director of purchases, **Wigton-Abbott Corp.**, Plainfield, N. J., and is succeeded as purchasing agent by **L. C. Denis, Jr.**

Jack Jouette has joined the **Dairy Div. of Southland Corp.**, Dallas, as purchasing agent after

more than 14 years as manager of **Cabell's Dairies'** ice cream plant, McKinney, Tex.

H. F. Price, head of **Bethlehem Steel Co.'s** Purchasing Dept., Seattle, since 1953 has retired. He is a past president of the **Washington State Purchasing Agents Assn.**

Richard J. Bender, former divisional vice president-purchasing, has been elected vice president in charge of purchasing, **Anheuser-Busch, Inc.**, St. Louis.

Owen Lewis resigned from **Piedmont Publishing Co.**, Winston-Salem, to enter the manage-

ment consulting field specializing in purchasing, personnel and building management. **Lewis** joined **Piedmont** in 1956 as director of purchases and in 1958 was given the additional title of director of special projects.

William E. Pitts, senior buyer on the purchasing staff of the **Tulane Medical Center** since 1957, has replaced **Jack McCord**, who resigned as purchasing agent for the **University Medical Center**, Jackson, Miss.

Fordyce Coburn succeeded **Leonard C. Rose** as director of purchases, **Colorado Fuel & Iron Corp.** **Rose** moved up to executive vice president. **Coburn**, former district manager, operating and sales for the firm's **Brooke plant**, Birdsboro, Pa., is now located at the firm's **Pueblo, Colo.**, plant.



Fordyce Coburn W. F. Veenstra

William F. Veenstra was advanced from construction buyer to assistant general purchasing agent, **American Brake Shoe Co.**, New York. He will be responsible primarily for the procurement of machinery, equipment, and construction.

Walter N. Johnson has been promoted to director, purchasing, **REA Express**, New York. He had been assistant to the vice president traffic.



W. N. Johnson J. Reynolds, Jr.

John D. Reynolds, Jr. has been appointed general purchasing agent, **Eimco Corp.**, Salt Lake City. **Robert W. Mealiff** was named purchasing agent of the firm's **Tractor-Loader Div.**

William J. Hunt has been appointed an officer and division controller of **Moletronics Div.**, **Motec Industries**, Los Angeles. He had been assistant director of purchasing of the parent company.

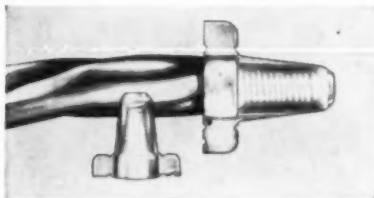
J. Y. Powell has taken the post of purchasing agent, **R. J. Gallagher Co.**, Houston. He had been purchasing agent for the **Houston Building Div.**, **Butler Mfg. Co.**

John V. Patton, former assistant superintendent and purchasing agent, **W. W. Sly Mfg. Co.**, Cleveland, has been made plant manager and director of purchases. **Howard Ash** succeeds him as purchasing agent.

Donald E. Coffman, purchasing agent, was advanced to director, fleet purchasing and maintenance for **North American Van Lines, Inc.**, Fort Wayne, Ind.

Always In Stock

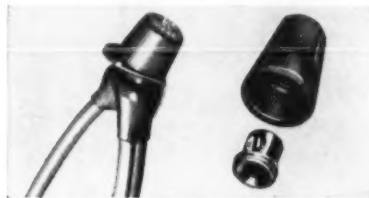
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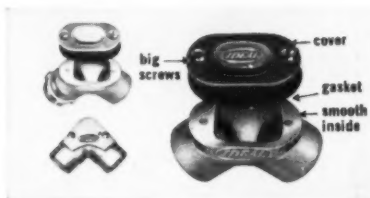
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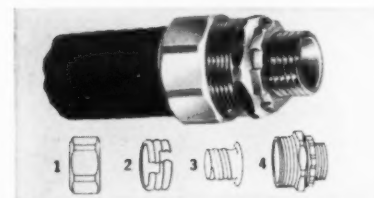
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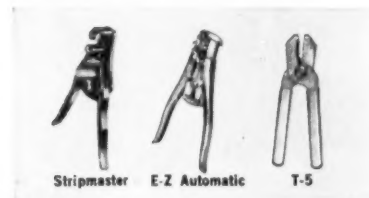
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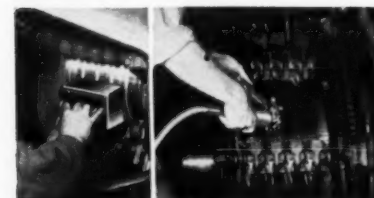
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time. We have to depend on supplier loyalty."

Bringing in the vendors as close as possible to production problems is a two-way benefit, according to Lafayette Radio. The company's engineers attended a recent GE multiplex seminar and kept in constant contact with purchasing to the point of phoning in specifications almost as fast as they took them down. Purchasing in turn began working with the vendors to show them what Lafayette needed.

Results: Purchasing agent Cohn reports, "I feel the loyal vendors are coming through and cooperating in order to get the jump on business with other buyers by playing up their experience with Lafayette. So we're both getting some good out of working together."

The bigger companies are taking a similar tack. Says a spokesman for a large Midwestern manufacturer, "We are treating stereo multiplex as we would any other new product. This doesn't mean, however, that we are treating it casually. We are working at it."

Typical of reports from producers like Westinghouse Electric Corp. and Radio Corp. of America is the comment from William Arnos, purchasing director, Motorola, Inc. Says Arnos, "Our department is certainly working hard to get FM multiplex ready. We are working diligently, but not around the clock."

Harold L. Hayes, manager of materials for GE's radio receiver dept., expresses a slightly different point of view. "Of course there was some urgency in developing multiplexing, but since we were close to the situation, we were aware of the procurement

problems as they came up," he says.

Crosby-Teletronics, one of the early front runners, set up a tight working arrangement among engineering, purchasing, and its local suppliers. The firm stayed with local vendors in order to maintain a close liaison every step of the way.

"It was a matter of purchasing standing right behind the engineers and the vendors right behind both of them," comments Crosby vice president of engineering Leonard Feldman. "Even in the matter of instruction folders work that our suppliers ordinarily did in a month got to us in 10 days."

Kaiser Aluminum Plans Cold Rolling Installation At Ravenswood Works

Ravenswood, W. Va.—Kaiser Aluminum & Chemical Corp. will install a multimillion-dollar cold rolling mill at its works here by 1963.

A company spokesman said the five-stand, tandem mill will be designed to assure maximum thickness and flatness control for light gage aluminum sheet products. It will be capable of producing strip in thickness ranging from .020 to .003 in. and in widths of up to 48 in.

Kaiser said the light gage aluminum to be produced at the new mill will be used mainly in the building, automotive, packaging, air conditioning, and heat exchange fields.

Chemical Firm Readies Move to North Carolina

Beacon, N. Y.—Putnam Chemical Co., a subsidiary of the German firm, Badische Anilin & Soda Fabrik AG, Ludwigshafen, has let a contract for the construction of a new headquarters office building and laboratory in Charlotte, N. C.

The \$300,000 project is the

first step in the company's program for transferring all operations from Beacon to Charlotte by the beginning of 1962. Putnam manufactures textile dyestuffs, pigments and other chemicals.

Calif. Standard to Build Oil Refinery in Alaska

Anchorage—Standard Oil Co. of California, Western Operations, Inc., will construct the first major oil refinery in Alaska on a site in the Kenai Peninsula area.

The new plant will have a capacity of 20,000 barrels a day and process crude oil from the Swanson River field.

Ohio Chamber Approves Buy-American Measure; Governor Threatens Veto

Columbus, Ohio—The State House of Representatives, by an 82 to 45 vote, passed a bill which would require the state and all political subdivisions to buy only U. S.-made supplies. However, Gov. Michael V. DiSalle said he may veto the measure if it passes the Senate.

Rep. John C. Sheppard, sponsor, said his bill would allow purchasers to buy foreign-made products only if the American-made goods were not available in reasonable quantity and satisfactory quality. The bill also would require the use of American-made supplies and materials on public contracts, such as highway projects.

Sheppard's community of Cambridge has been hard hit by glass and pottery imports, he said.

Crown Zellerbach Loses New Round in FTC Fight

San Francisco—The U. S. Circuit Court of Appeals here has upheld a Federal Trade Commission order requiring Crown Zellerbach Corp. to divest itself of St. Helens Pulp & Paper Co., St. Helens, Ore.

The FTC ruled that the acquisition violates the Clayton Antitrust Act by lessening competition and tending to create a monopoly in the Western states.

In 1953, Crown Zellerbach paid \$9,557,000 in C-Z common stock for the Oregon company.

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Professional Perspective



CONSULTANT JOSEPH W. NICHOLSON

Former NAPA President and City P.A. for Milwaukee

**Discusses Identical Bids, How They Grew
And What the P.A. Can Do About Them**

Identical bidding isn't the new-thing-under the sun that headlines this year indicate. Municipal P.A.'s have been fighting it for years. In 1934 and 1935 I can remember several cases that sound as if they were right out of today's headlines: New York's Mayor LaGuardia exposed identical bids on fire hose (he threatened to have the city make its own hose); New Orleans received 15 identical bids on power line cables and Chicago received 48 identical bids on coal; Milwaukee received six identical bids on water main gate valves at \$4,078 each when the 1932 price was \$2,550 for the same valve. (We called in the federal authorities to investigate.)

The rash of identical bids in the mid '30s was inadvertently brought about by the federal government in an effort to stabilize prices and bring the country out of

the recession. They encouraged the collusive atmosphere which led to the things referred to above, but since this happened when most of our present day executives were in knee pants, here is the story:

When the stock market crashed in 1929, it touched off a rash of selling below cost in order to get some ready cash. Price-cutting and cut-throat competition knocked the bottom out of the price barrel. Unfortunately, no one could buy without money, (on credit, that is), and thousands of firms, including banks, closed their doors, many of them permanently. The labor market sat on its hands with nothing to do.

In order to stabilize the price situation the National Recovery Administration was established by executive order of President Roosevelt. Briefly, it provided for several alphabetical agencies such as the WPA and PWA for government-industry antirecession projects.

Industrial codes were established by code authorities representing each industry, and administrators were appointed to represent the federal government. It was considered legal for industry representatives to confer on methods, procedures and prices in establishing codes of fair conduct, providing the government sat in on these conferences.

Perhaps I have oversimplified this, but it serves to make my point that this "Togetherness" of industry representatives permitted them to establish uniformly high prices, and to keep their members' prices in line when quoting to public agencies.

This technique was thoroughly learned before the NRA was declared unconstitutional and its procedures have been followed by many industries since without the benefit of Uncle Sam's blessing or the watchful ministrations of deputy administrators. The Federal Trade Commission and U. S. Dept. of Justice files bulge with complaints of public agencies which are filed with them whenever a public P.A. receives uniform bids. However, until recently, there have been only sporadic attempts on the part of federal enforcement agencies to require conformance with the anti-trust laws.

The usual procedure of enforcement has been in the form of "cease and desist" orders issued by the FTC with an occasional trial by the Dept. of Justice.

From past experience, I learned of several ways to combat collusive or suspected collusive prices:

- **Reject bids.** Call in the bidders and tell them you are sending copies of the rejected bids to the FTC, The Dept. of Justice and to your state attorney general.

- **Get more bids.** In obtaining new bids, widen the geographic area of bidders, to include people outside your area. You may find the collusion limited to vendors in your area.

- **Include trade-in items.** Such items included in the second bid request al-

though not necessarily related to the product you are buying, will give bidders a chance to give you a lower net bid, even though the traded item may be worth only junk value. In my experience, a broken-down air compressor with parts missing was quoted by various vendors as worth \$400 to \$2,500 on trade-in.

- **Reject bids again.** If the above measures don't bring about the desired competitive prices, turn the bids down again, notify the previously mentioned federal agencies, include reports of these bids to your senators and congressmen. Members of Congress are showing great interest in identical bidding at this time, and your contact with members from your state will be very beneficial. Then readvertise and see what happens.

- **Include foreign sources of the products you wish to buy.** Recently Milwaukee obtained low bids and awarded contracts on sodium-silico-fluoride, X-ray films and other items. Past experiences on these items has indicated identical bids on domestic products.

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Commerce Department Unit Issues Set of Standards On Cemented Carbide Products

Washington—A set of recommended standards for cemented carbide products has been published by the Commodity Standards Div. of the U. S. Dept. of Commerce.

Developed by the cemented carbide industry, the standards cover shapes, sizes, designations for 44 stock items, including throwaway carbond inserts, saw tips, chisel blanks, die nibs, masonry drills, and twist drill blanks. The listings for the various items are broken down according to the grade of carbon in the products.

Official title of the government publication is "Standard Shapes, Sizes, Grades and Designations of Cemented Carbon Products." Free copies can be obtained from the Cemented Carbide Producers Assn., 2130 Keith Bldg., Cleveland 15, Ohio.

Follow-Up: Letters & Comment

P.A.'s Take Exception

Naugatuck, Conn.

Your report on "Georgia P.A.'s Match Legal Lore With Real Judge at Monthly Meeting" (May 15, '61, p. 44) caused a great deal of controversy among my associates.

It is our feeling that if the seller accepted the buyer's order, which included the request of a specific carrier or routing, and made shipment without contesting or questioning his instructions, then the seller's obligation to deliver the material to destination in good order has not been diminished.

On the other hand, if the seller took exception with the instructions, as being contrary to his offer, and therefore not acceptable at the same price, then the judge's ruling would be a valid one. There is no evidence in the article to indicate that exception was taken by the seller prior to shipment.

E. S. Muller
Purchasing Agent
Naugatuck Chemical

Lansing, Mich.

Many court decisions have left no doubt that when merchandise is sold f.o.b. destination, title and responsibility do not pass from the vendor until delivery is made to the consignee. The fact that the vendor did not select the carrier does not alter the case.

Rule 5 of Section 19 of the Uniform Sales Act provides:

"If the contract to sell requires the seller to deliver the goods to the buyer, or at a particular place, or to pay the freight or cost of transportation to the buyer, or to a particular place, the property does not pass until the goods have been delivered to the buyer or reached the place agreed upon."

Having applied this principle in determining how to file claims for a damage in transit for over a period of 20 years, we have adequate proof of its acceptance by the transportation industry, as well as under the law.

P. H. Anderson
Deputy Director
Purchasing Div.
Dept. of Administration
State of Michigan

● To recap for our readers who missed the original item—the hypothetical case prompting the above letters involved a P.A. who wrote "please ship via American Railroad Co." on an f.o.b. order. Enroute the American Railroad car was derailed and the ordered parts damaged. The P.A. reordered the material and later refused to pay the first invoice because he said it was the seller's obligation to deliver the material in good condition.

Judge Edward Wright told Georgia P.A. Assn. members his ruling would be, "Goods belong to the purchaser after the seller has delivered them to the railroad."

We think Messrs. Muller and Anderson would be interested in knowing that the judge got some hot action from the floor on that

decision. Judge Wright answered saying, "Well, that's what makes things interesting. Actually, many of us on the judicial bench don't know what the law is until we read the newspaper and find out what the higher courts have done that day."

Advocates Legislation

Bridgman, Mich.

I read with extreme interest the following: (PW, May 15, '61,

"P/W Transportation Memos," p. 38):

"Hermann Forwarding Co.'s Fred Hermann is sounding customers out on reaction to posting a \$5 deposit with each request for a claim investigation. Deposit would be refunded if all or part of the claim were justified."

Such a regulation should receive shippers' support as anyone making a claim should be more than willing to back it with a deposit.

However, the days of the common carrier being a regulated in-

dustry has long since passed. They are now a well protected industry.

Other corrective legislation should also be considered along with a claim deposit:

(1) Claims not settled within 60 days carry a \$5 per day penalty.

(2) Common carriers subject to the same ICC time table and penalties in meeting their obligations as must the shippers in freight bill payments.

(3) It is amazing the number of errors which "slip past" common carrier auditors. Thus, shippers today have freight bills audited by traffic consultants. Therefore,

errors found six months to a year later by traffic consultants carry a 6% interest against the common carrier plus consultant's fee.

(4) Today shippers are subject to an unorthodox-discriminating epidemic of rate increases accompanied by a new gimmick called a "surcharge." Under this method it is impossible to keep accurate costs. This could be corrected by regulations requiring any one segment of the transportation industry to have a yearly effective date for all increases throughout the country.

Martin J. Tretheway
General Manager
Nylon Products, Inc.



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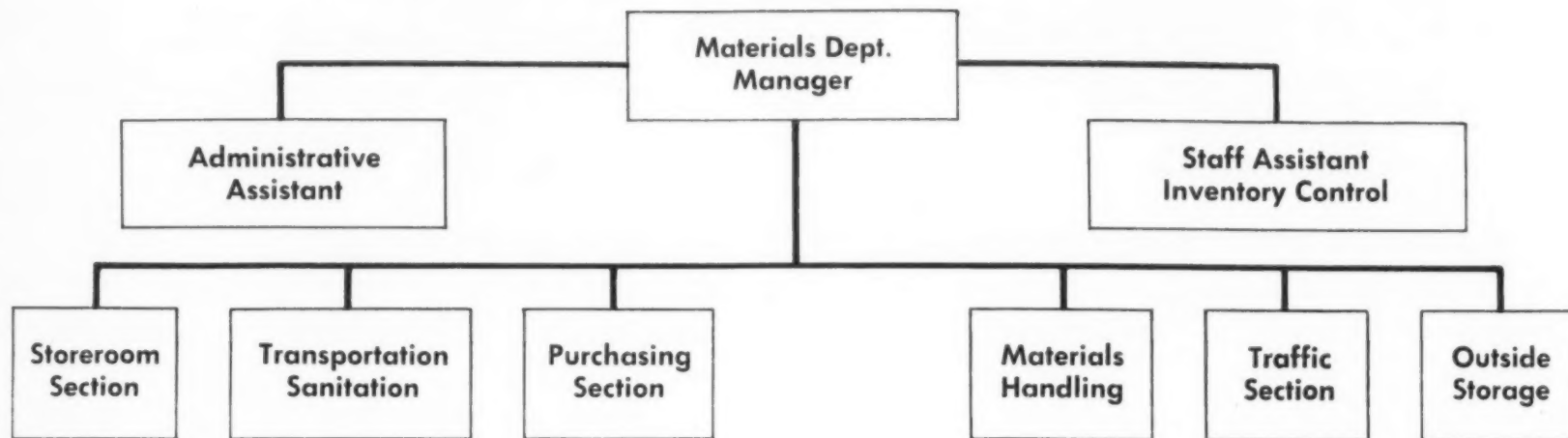
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MATERIALS DEPARTMENT ORGANIZATION



HOW IT OPERATES: The chart above shows how Champion Paper weaves together the diverse but related functions of purchasing, inventory, traffic and materials handling into a Materials Management team at the company's huge

Canton, N. C., plant. Concept requires a head man who can speak the language of all functions and a communications setup geared for speedy transmission of the information needed to keep the operation running smoothly.

Materials Management Takes to the Air Waves to

Materials management has a key role at Champion Paper and Fiber Co.'s Canton, N. C., division. It's responsible not only for transportation and traffic, storage and salvage, and materials handling, but it also has over-all control over purchasing of all goods and services (except for pulpwood) and inventory control.

The coordination of all these functions has been aided by an efficient materials handling system, which includes a unique radio dispatching network linking equipment and personnel to a central controller. Main purpose of this centralized setup: to provide a dependable, 'round-the-clock flow of raw materials to the input side of the production line and a foolproof system to keep finished goods rolling off the "dry" or output end of the line.

All Departments Pull Together

The entire operation is under the command of Hall B. Whitworth, manager of the Materials Dept., who says, "The advantage of the comprehensive materials management system is that all departments pull together rather than separately."

Here's how Champion's materials team works:

Directly under Whitworth are an administrative assistant and a staff assistant for inventory control. The inventory control assistant works under the guidance of an inventory control review board. He directs activities at nine inventory control centers operated by records clerks and storage area material handlers.

The Materials Dept. is in charge of receiving and warehousing of all commodi-

ties except pulpwood and certain chemicals usually received in large quantities directly into production storage. Responsibility for repair parts and tools falls under the Materials Management Dept. as well. In the Stores Dept. a salvage section prepares salvage for sale, although purchasing transacts all disposal deals.

Materials Management handles both incoming and outgoing shipping. A company truck fleet takes care of deliveries to the plant and transports finished goods to the company's warehouse in nearby Waynesville, N. C.

Buyers Split Responsibilities

In this materials management setup the Purchasing Dept. operates with a P.A., an assistant purchasing agent, and three full-time buyers. There are two invoice-receiving report clerks to maintain the outstanding order files. These clerks, who are in training for buyers' positions, also handle some buying duties. As far as practical, buyers split up purchasing responsibilities into product groups in order to specialize in commodities.

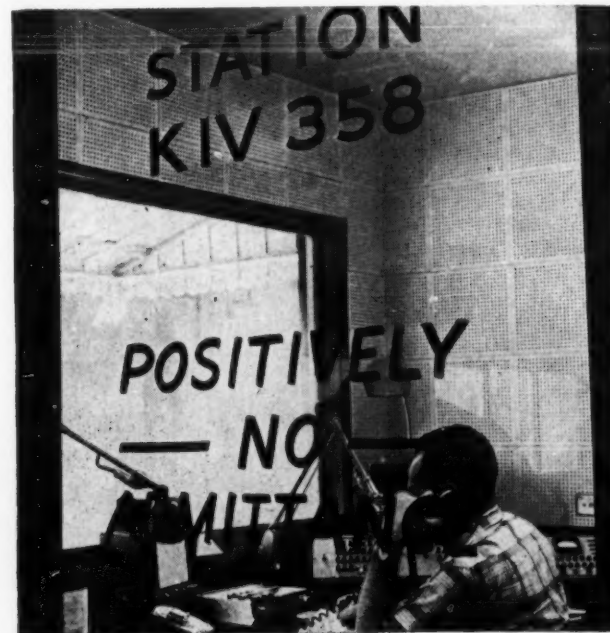
Champion's materials management concept also includes in-plant materials handling. With the use of radio-dispatched equipment, Champion has developed a system for assigning the right driver, with the right vehicle for the job, and sending him to fill a requirement just seconds after the production-materials order is phoned in from the plant.

Champion's radio network operates around the clock, handling 1,300 transmissions per day shift, and 1,200 on the other two shifts. It takes these 2,500



COMMUNICATIONS PROBLEM: Size of Champion Paper's Canton Div. posed communications co-

nundrum: How to get full advantage from centralized materials management control.



RADIO IS ANSWER: Champion's private station calls plays for mobile units throughout company's plant.

HERE'S WHAT THE MATERIALS DEPARTMENT CONTROLS:

- Purchases of all raw materials, except pulpwood and certain chemicals.
- Inventory control of all material using modified cardex system.
- Receiving and warehousing of all material except pulpwood.
- Traffic management of incoming materials and outgoing finished goods.
 - Storekeeping of repair parts and tools.
 - Salvage and disposal of machinery and materials.
 - In-plant materials dispatched via radio.

WHAT IT DOES: Tight coordination of the varied operations listed above assures a constant 24-hour-a-day flow of raw materials into the Canton plant and an equally steady stream of finished goods pouring out. One-man

control thus provides an integrated system within which each department can best perform its special function while assuring that all operate together as a single team for the full benefit of the company as a whole.

Direct Purchasing Functions for Champion Paper

transmissions a day to carry out the average of 350 daily requests for materials. At the Canton plant, 44 vehicles have radio equipment on board. And four foremen are walking radio stations, with two-way radio units clipped to their belts. The radio system consists of a base station, a control point, a dispatch point, a number of mobile stations, and provision at the dispatch point for selectively calling the mobile stations. Base station contains a remotely controlled receiver and a 60-watt transmitter operated and monitored from the control point. The dispatch point, of course, accommodates handling of phone and radio messages to direct the mobile units.

Mobile stations are vehicles or personnel carrying a transmitter-receiver which is on the air only while the vehicle is occupied. To allow the dispatcher to contact any single station without bothering any other, the firm uses a device called "quick call." This mechanism operates on an audible code produced by a push-button controlled tone generator at the dispatch point. When a mobile is called, these tones actuate an electrical relay which turns on the loudspeaker part of the receiver. However, mobiles may be hooked into an all-station network if desired.

Network Boosts Job Performance

Reason for the communications network, explains Whitworth, is that "we went for years with poor utilization of materials handling equipment and manpower. Now, we have increased the time utilization of our lift trucks by 25%. Our goal

is to increase actual job performance by 50% over our previous experience."

To get the program underway, first problem was to organize job priorities—that is, a way to determine automatically which job comes first. For instance, a breakdown of major production machinery gets first priority. Second goes to feeding of dry pulp to the paper machine from reserve stocks, when the flow of slush pulp from the mill is interrupted. Next priority goes to removing finished goods on the output end of the big paper machine.

All Categories of Jobs Included

This priority system goes down the line to include categories of jobs that will hold up crews and vehicles if not done. The system gives the materials handling equipment dispatcher—the man who gets all requests for materials movement within the plant—a carefully worked-out plan to follow when assigning equipment to jobs. Requests for service usually arrive by phone. The caller gives his identity, what is to be moved, how much, where it is to be moved, and when.

After receiving the request, the dispatcher decides what type of equipment is needed to handle the job. At his disposal he has five cars and station wagons, four "mules" (specially made trucks with small booms on the back), 6 two-ton dump trucks, a front loader, and 28 fork trucks—all equipped with radio sets. These units handle all bagged, stacked, banded, and cartoned materials moved.

Although fewer than half of Champion's 78 in-plant vehicles have radios at (Continued on page 32)



CALL FOR HELP: Foreman makes high priority request to dispatcher.



MOBILIZING RESERVES: Worker with clip-on radio gets message.



TO THE RESCUE: Assignment is relayed to driver who swings into action to get the job done. Entire operation is example of teamwork at the Canton plant.

Georgia Studies Buying Habits of P.A.'s in State

Atlanta—The buying habits of 112 Georgia purchasing agents are being surveyed by the state in an effort to gather statistical information that can be used in a new industrial development drive.

The P.A.'s are being asked such questions as "What do you buy?", "Where do you buy it?" and "Why do you buy it from that supplier?"

Purpose of the survey, sponsored by the Georgia Dept. of Commerce, is to compile figures showing which production ma-

terials are needed by Georgia manufacturers, but aren't being made in sufficient quantities in the state.

To get this information, Carl Eakin, professor of business administration at the University of Georgia and consultant to the Dept. of Commerce, is calling on the purchasing agents of two large and two medium-size firms in each of the 28 industrial categories most important to the state's economy.

Eakin outlined his interviewing strategy at a recent meeting

of the Purchasing Agents' Assn. of Georgia.

A week before he is scheduled to be in the vicinity of a plant, Eakin said, he writes two letters, to the company—one to the senior executive in plant management and one to the P.A. The letters explained the survey, its goals, and how the plant management can cooperate. The plant executive and the P.A. are asked to confirm a specific interview appointment by mail. On interview day, Eakin sits in a two-to-three-hour session with the

plant's top executive and the purchasing agent—he usually interviews these two men together.

Before leaving, Eakin gives the P.A. a questionnaire and makes an appointment for another interview in two weeks.

In the first interview, Eakin said, he tries to get general information on the company, its buying policies, and its needs. In the second interview, which is with the P.A. only, he concentrates more on the purchasing statistics that the P.A. has dug up in the two-week interim. The second interview takes from one to three hours.

Eakin noted, however, that a bigger firm is likely to have a

more complicated purchasing setup, requiring longer interviews. He is presently surveying Lockheed Aircraft Corp.'s Georgia Div., the state's largest corporate employer (10,000 employees). This series of interviews has already taken three days, and will take at least one more.

At the other extreme, Eakin said he will visit some plants with less than 100 employees. These interviews probably will be wrapped up in short order.

Here are the basic questions Eakin said he will ask:

- What products do you purchase in largest volume?

- How much of each of these large-volume purchases do you buy from sources outside Georgia?

- What volumes of products do you buy in each of the standard USDC classifications?

- What amounts of each of these product categories do you buy outside Georgia?

- What out-of-state purchases by your firm are at present unsatisfactory because of transportation problems involved, relations with your suppliers, volume of supply, lead times, etc.?

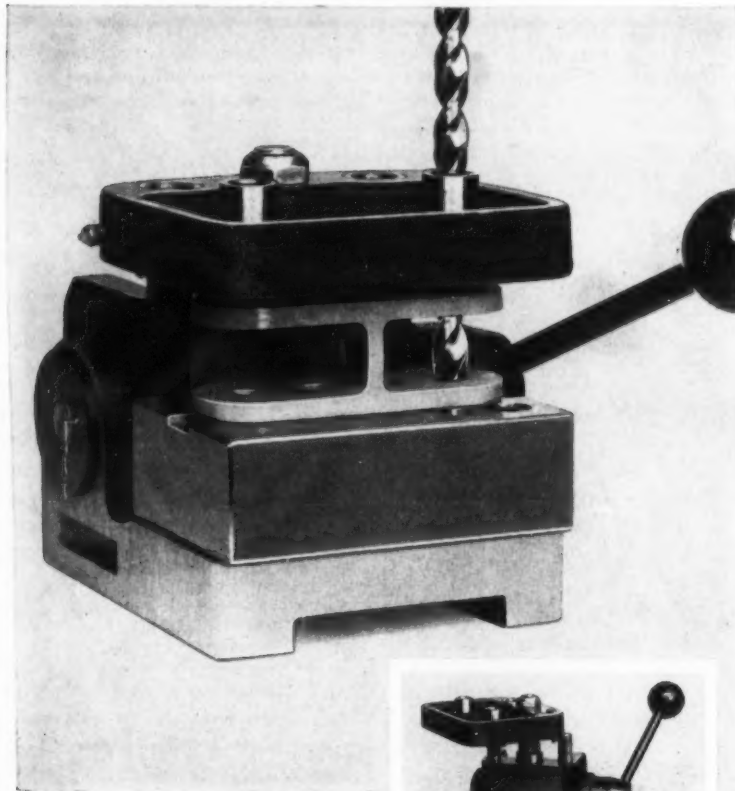
- How decentralized is your purchasing? What freedom does the purchasing agent in the Georgia plant have as to supplier selection, etc.? In other words, if you are a branch of a big auto company, and I'm a Georgia manufacturer of industrial supplies, do I have to go to Detroit to sell you something?

- How have your buying habits changed in the past seven years? What are you buying in Georgia that you didn't buy here seven years ago?

- In the past seven years, what have been the rapid-growth areas of industries from which you buy raw materials and supplies?

Eakin emphasized that this information will be held in strictest confidence. The only figures to be published are the totals, showing buying habits of an entire industrial category.

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American Motors Raises Purchasing Function To Vice Presidential Level

Detroit — American Motors Co. has provided another example of the growing trend to give top managerial status to purchasing.

The company has created a new position—vice president-purchasing—and named John C. Secrest to fill it. Secrest will be in charge of all automotive and appliance purchasing and will report directly to Executive Vice President B. A. Chapman.

George Romney, company president, said L. H. Shippee will continue as director of purchases for the auto division and J. W. Lelivelt as director of purchases for the appliance division.

Secrest, 38, had been a purchasing executive with the Ford Motor Co. since 1948.

EAI Expands Line

Long Branch, N.J. — Electronic Associates, Inc., is broadening its regular line of analog computers and related plotting equipment by opening new facilities for precision polystyrene capacitors here.

Industry News in Brief

Weigh Merger

Houston—Humble Pipe Line Co. and Interstate Oil Pipe Line Co. are discussing plans for a merger. Humble Pipe Line Co. is a wholly owned affiliate of Humble Oil & Refining Co., and Interstate Oil Pipe Line Co. is a wholly owned affiliate of Standard Oil Co. (New Jersey).

Ling Temco Vought, Inc.

Dallas—Ling Temco Vought, Inc., will be the name of the new company resulting from the merger of Ling-Temco Electronics, Inc., and Chance Vought Corp. Shareholders will vote on the merger and name change in meetings to be held June 30.

GE Opens Center

Coshocton, Ohio—General Electric's Laminated Products Dept. has established a new distribution center at Belleville, N. J., to service a wide area covering New England, the Mid-Atlantic states, and metropolitan and upstate New York. The center, called Textolite Pace-maker Service, is now offering same-day delivery of a full line of laminated plastic sheet in 36-in. x 48-in. sheet sizes.

Comptometer to Buy

Chicago—Comptometer Corp. plans to enter the Eastern market for business forms by acquiring National Systems & Forms Co., Passaic, N. J. Comptometer said it expects to complete the merger within 60 days.

United Builds Plant

Fort Smith, Ark.—United Machine and Engineering, Inc., will build a new plant here that will produce plastic units for the appliance industries and special power machining tools. United Machine is a division of United Welders, Inc., of Bay City, Mich.

Braden Forms Division

Danbury, Conn.—Braden Corp., manufacturer of precision ball bearings, has formed a separate division to design, manufacture, and market precision mechanisms. The division will also conduct research on ball bearings and related devices.

Raytheon Expands Line

Needham, Mass.—Raytheon Co. has added 53 diodes to its line of diffused-junction silicon rectifiers. They are immediately available at from 43¢ to \$3 each in quantities of 100 to 999.

The units are all welded and hermetically sealed in metal and glass cases and have an operating ambient temperature range of -65 C to +175 C. Applications include low-frequency switching, magnetic amplifiers, d.c. blocking, and high-efficiency power supplies.

Plant Opened

Houston—Plextron Corp., Grand Prairie, Tex., has opened a plant here which will specialize

in the manufacture of printed circuits.

Distributor Signed

Glendale, Calif.—Astromics, a division of Mitchell Camera Corp. has appointed A. Biederman, Inc., as its distributor for California, Arizona, and Nevada. The company will sell and service the Venerator—a pressure regulator designed and manufactured by Astromics.

Rogers Expands Plant

Rogers, Conn.—Rogers Corp. has begun an addition to its Manchester, Conn., plastics plant, which will double its production of diallyl phthalate molding compounds. The products are used in electronic insulation, primarily for connectors, terminal boards, and aircraft and missile components. The new facilities are expected to be "on stream" in August of this year.



The LOW-BOY: New low-level flatcar developed by ACF Industries gives extra overhead clearance in piggyback operations. Bed is 32 1/4 in. above rail—compared with 36 1/2 to 41 1/2 in. for conventional flatcars.

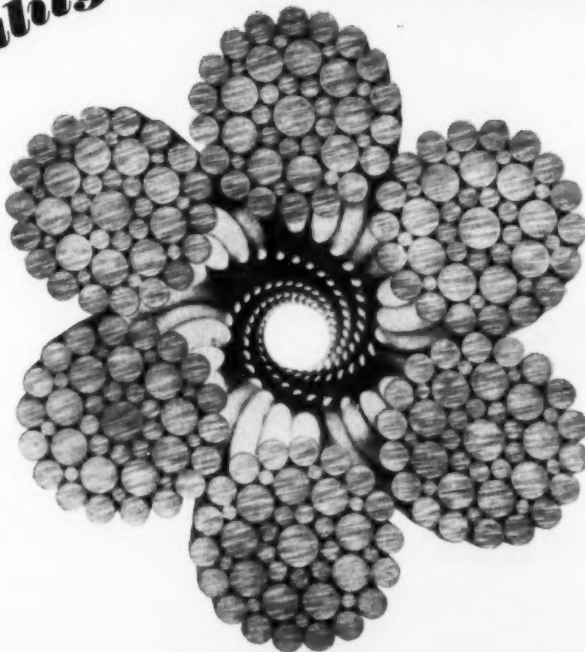
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Purchasing Week's Philadelphia Perspective



P/W Correspondent

JOHN MOORE

**Focuses a Purchasing Spotlight
On the Contracting Controversy**

Contract maintenance is a booming business in the Philadelphia area. Many buyers are wildly enthusiastic about contractors han-

dling everything from supplying all replacement parts to maintaining company-owned vehicles.

But the transition from doing work with an in-plant department (e.g., engineering or production) to working with an outside firm has left its scars. Some buyers complain they have found themselves merely rubber-stamps between contractors and other departments. Some suddenly find outside firms recommending and specifying items from unknown suppliers. But many consider the latter an asset.

A large electronics manufacturer here praises the maintenance of its fork trucks by an outsider. Tidewater Oil's Delaware City, Del., refinery is extremely pleased with a contractor that handles its plant maintenance. In another area of contracting for services, numerous buyers report relief at shoveling off buying of food and cooking items onto shoulders of outside concessions, reports Slater System, a food service company here.

Contract maintenance can involve the buying of all maintenance equipment and parts by the contractor. However, Catalytic Construction Co., Philadelphia-based engineers and contract maintenance outfit, is proud of its policy of not interfering with the P.A.'s duties in any way. "Sometimes we put a man in there to assist the purchasing agent," a Catalytic spokesman said, "but we never forget he's the boss."

Other contract maintainers are Fluor Maintenance, Inc., and the Lummus Co. Fluor does work for Mobile Chemical Co., Fibreboard Paper Products Corp., and Union Oil Co., among others. Catalytic handles such firms as Boeing Airplane Co.,

Cities Service, Firestone Tire & Rubber, Sun Oil, Polymer Corp., Hess Trading & Transport, Hercules Powder, St. Lawrence Cement Co., and Atlas Powder. Catalytic contends that contract maintenance is applicable to just about any industrial plant.

The chief engineer for an engineering and construction company here notes that P.A.'s are sitting in on a growing number of buying committees he has to deal with. But he complains that some "treat us like a stationery supplier." Then, in a left-handed compliment, he adds that "they sure hold veto power in lots of cases." A sales promotion man for another engineering firm gripes: "They can't do us much good—but they sure as heck can do us a lot of harm."

Going to Europe this summer? Now you can take care of business in the Philadelphia area, then fly direct to London or Paris. Just put into service are Boeing and Douglas jets out of Philadelphia's International Airport that will get you to London in 6 hours 50 minutes. Paris takes 7 hours 5 minutes. You can transfer to a plane to Frankfurt, Germany, too: total time to get there should be 9 hours.

Oil companies here have been worried about dwindling demand for aviation gasoline as jets consume more and more kerosene. But Monroe Spaight, president of Shell Oil, told a Financial Analysts meeting here, he expects aviation-grade gasoline use to rise as helicopters and small planes become more popular.

SHOP TALK: A Philadelphia taxicab company now is testing diesel taxicabs, and talk is that the company is considering buying an entire fleet of them. . . . **Scott Paper Co.** is readying plastic transparent wrap and plastic cups for market; it also is working on a urethane foam. . . . **Researchers at Philco Corp.** foresee portable thermoelectric refrigerators soon, but many problems must be overcome before large refrigerated trucks can use thermoelectric refrigeration in place of the conventional compressor systems. Thermoelectricity needs no moving parts, operates silently. . . . **Edgcomb Steel Co.**, a local steel service center with branches in five other cities, now is stocking T-1 Type A steel plate at its York, Pa., warehouse. Previously, the center stocked only carbon plate. But there has been "a rapidly increasing demand for T-1 Type A" from fabricators of construction equipment and mine and quarry operators. . . . **DuPont** reports that its Delrin acetal resin is finding wide use in new pump designs. . . . **Houdry Process Corp.** is reported working on a revolutionary new fuel cell. . . . **C. G. Summers III, Leeds & Northrup** sales training instructor, acts as a P.A. of the worst sort—employing devious, guileful devices to confuse sales trainees and send them away without a "sale."

Machines live longer

... when you make critical replacement parts from handy **AMPCO** Stock Products

Ampco copper-alloy stock products outlast ordinary bronze in severe service—sliding wear, extreme bearing pressures, corrosion, and fatigue. You reduce down-time by extending part-life in gears, bushings, nuts, bearings, other parts.

You tie up less money in in-plant inventories. Your Ampco distributor can deliver immediately a full range of sizes in extruded solid rounds, centrifugally cast stock bars, extruded rectangles, sheet and plate, stock die blanks, and guide pin bushings. Rod, sheet, and plate are cut to the exact sizes you need.

Call your Ampco distributor for all your copper-alloy requirements. Write for Bulletin.



Laminated Plastic PARTS Any Size Simple or Complex



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No matter how many laminated plastics parts you need, Synthane Corporation is the place to buy them. We're versatily equipped to do the job—with hundreds of machines, designed especially for handling laminated plastics. Our people have years of experience in tackling any job in quantities from one to a million, in sizes large, small or in between, simple or complicated. This specialization results in complete control from manufacture of material to finished parts.

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Please send me information relating to Synthane as a source for laminated plastics materials and parts.

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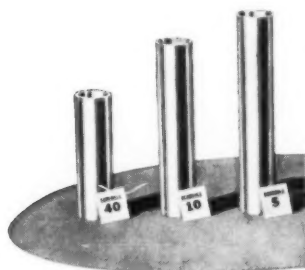
We'll make IT for you! For standard (5,000 different types and sizes) or special hinges, write or wire: C. Hager & Sons Hinge Mfg. Co., Victor & "I" Street, St. Louis 4, Mo. In Canada, Hager Hinge Canada Ltd., Kitchener, Ont.

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REAL ECONOMY IN PROCESS PIPING IS A MATTER OF SPECIFICATIONS—AND SPEEDLINE FITTINGS!

Make the most of both. First, be sure to check ASA B31.3 for up-to-date pressure-temperature data on critical process applications. This most recent issue of the Code for Pressure Piping certifies the use of light-wall pipe and fittings to a degree not recognized by outdated specifications.



SPECIFY LIGHT-WALL PIPE
and get up to 50% more pipe
for your dollar

Next, consider the installation advantages of Speedline's improved fittings design to capitalize on light-wall piping savings. Note Speedline's "tangential feature" . . . the extra length of straight on every end of every Speedline Fitting. This extra clearance eliminates alignment problems and speeds welding . . . permits joints to be readily butt-welded, flanged, or socket-welded. You choose the most practical, cost-saving joining method for your application—

and one fitting can be used all ways when you specify Speedline Fittings.

Compute total savings in terms of initial costs and ultimate *installed* costs. Light-wall pipe and fittings, of course, cost less to begin with because they use less metal. Speedline versatility, however, adds *extra* savings in installation time and labor costs that further reduce final installed costs.



SPECIFY SPEEDLINE FITTINGS
and reduce installed piping costs
to a minimum

Piping standards have changed. It will pay you to be up-to-date with light-wall specifications that call for Speedline Fittings. Get details from your nearby Speedline Distributor today. He's listed on page 1494 of Chemical Engineering Catalog.



CORROSION-RESISTANT FITTINGS

STAINLESS STEEL • ALUMINUM • NICKEL
OTHER ALLOYS ON APPLICATION

200

A PRODUCT OF HORACE T. POTTS COMPANY • 588 E. ERIE AVENUE, PHILADELPHIA 34, PA.



Pullman-Standard Set to Demonstrate Shock-Absorbing Hydroframe Boxcar

Chicago—Pullman-Standard is set to hit the road with five of its new Hydroframe freight cars to show railroads and shippers how they can reduce the estimated \$100-million in damage claims which are brought against them each year.

The Hydroframe is a railroad freight car equipped with a shock absorber unit to eliminate the damaging jolts of coupling impact. The unit has a full 30-in. of travel at either end of the box-

car — "the most economically sound application" according to P-S.

At present, lading protection is achieved by load subdividers within the boxcar and standard short-cushion travels. Hydroframe's extension of cushion travels eliminates subdivider cost and prolongs equipment life. Vertical motion of the car during impact is less, and forces acting on the car structure are considerably lessened.



ELIMINATING COUPLING IMPACT: Sliding center sill on underframe cushions shock on Pullman-Standard's new Hydroframe-60 boxcar. Shock-absorbing car is designed to cut in-transit damage to cargo.

67 years of service to the Industrial Middle West



INLAND STEEL IS HERE

This... is a sweeping territory. It embraces the Panhandle and the northern plains of Texas—the rolling hills of western Missouri—the limitless vistas of Oklahoma, the golden fields of Nebraska and Kansas, Denver and even a corner of Arkansas. Within its boundaries lie cities and towns whose names made pioneering history. Here, is the Eisenhower Museum and the Truman Library, John Brown's cabin and the grave of Buffalo Bill. Here the Pony Express was born. Here, immense herds of cattle pounded through to northern markets. Here, the Indian watched the coming of the white man—and here, man learned to conquer the ravages of merciless windstorms and the devastation of the dust bowl.

Today this is a land of gushing oil and a tremendous oil industry, richly producing farms and a vigorous business life. Today, the area erects great bridges, oil derricks, storage tanks, corn cribs, grain bins and driers; produces culverts, electronic pumping equipment, trailers, tandems, sucker rods, and pipe to span a nation. Today the territory's farming methods have changed from the power of horses to the thundering horsepower of modern farm machinery.

One of a series depicting market areas served by Inland • Art by Don Neske

And today, Inland feeds steel and more steel into the ever-hungry maw of this amazingly expanding territory.

To the thousands of businessmen and industrialists throughout the territory, Inland is an old friend—a name as familiar as one's next-door neighbor. For Inland has been *here* for all these many years—growing as the territory's industries developed—contributing its knowledge and experience—sharing in the life of the territory.

Now... Inland experience—bred, developed and tested in the very states which make up this vast territory—is at the service of every manufacturer. For Inland is more than a name—more than a source of steel. Inland is a living part of each of these states. Their growth is Inland's growth. Their future is Inland's, too.

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*Division



Air Freight Rates On North Atlantic To Be Cut Sept. 1

New York—New lower air cargo rates across the North Atlantic should trigger rate revisions on other overseas routes, according to the air cargo officials.

The new North Atlantic reductions—to go into effect Sept. 1—range from 22% to 65%. The new schedule emphasizes the weight of a consignment rather than the specific commodities shipped. It provides a weight-break system designed to encourage volume shipping by lowering rates as the weight increases.

Over the Atlantic there will be weight breaks at 100, 220, 550, 1,100, and 2,200 lb.

The number of specific commodity rates—long a stumbling block to consolidators and shippers—have been reduced from 78 categories to 24 on westbound Atlantic traffic and 15 on eastbound traffic.

Under the current rate structure each commodity is weighed separately and the specific commodity rate is then applied. After Sept. 1, a number of commodities could be combined under one general rate at a substantial saving.

Industry experts believe Pacific carriers may be forced to go along with the new Atlantic rates to stay in competition with North Atlantic airlines. Present Pacific weight breaks are: 100, 550, 1,100, 5,500, and 2,200 lb. A spokesman for a major Pacific airline says new weight breaks are under consideration at the critical 220-lb level and between the 1,100 and 5,500-lb levels.

Milwaukee Road Refused Joint Rate on SP&S Hauls

Washington—The U. S. Supreme Court has refused to allow the Chicago, Milwaukee, St. Paul & Pacific Railroad Co. (Milwaukee Road) a joint rate on freight moved to the West Coast over the Spokane, Portland & Seattle.

The SP&S is owned jointly by Great Northern Railway Co. and Northern Pacific Railway Co., and provides a link between Spokane and Portland, Wash. The Northern lines quote joint rates for hauls to Portland but have refused to allow the Milwaukee the same privilege. As a result, the Northern lines' rates are lower for Portland hauls over the SP&S than the combination rates charged by the Milwaukee Road.

The Milwaukee complained about this to the Interstate Commerce Commission. But the Northern lines countered that their rate structure was protected by the "short haul" provisions of the ICC Act. This allows a railroad the right to refuse to carry freight originating on a competing line when the entire haul could have taken place on its own.

The Northern lines said that with the jointly-owned SP&S they made up a single system which Milwaukee wanted to short haul.

The Supreme Court agreed. The justices, in a six-to-two decision, ruled the short-haul provisions apply to the SP&S even though it is managed and owned by two other railroads.

Product Perspective

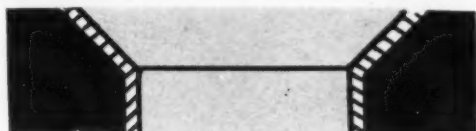
COMPOSITE DIES—made by using a relatively inexpensive metal for the bulk of a die i.e., covering it with a harder metal on load bearing surfaces—are enjoying rapid growth in industry. Reason for the popularity: The composites are easier to make, take less expensive material, and are simpler to rework than their one-piece relatives.

The composites often outlast standard die materials and constructions. If redesign is needed, parts of specific geometrical shapes can often be added or subtracted from the standard die, then covered with the proper alloy and machine-finished.

Joseph Quaas, vice president of research and manufacturing at Eutectic Welding Alloys, made these points about composite die-making techniques:

- Fabricated composite dies can be designed to get any hardness available in tool steel with a die core that is ductile and shock-proof. Two materials must be picked for each die—the parent metal, and the covering alloy.

- Selection of the parent material for a composite die is governed by end use requirements. A simple mild steel material will make a reliable base in most cases. If, from a design and end standpoint, a high-strength parent material is necessary, a low alloy steel will have to be used.



Cross sectional view of composite draw ring die shows how thin alloy layer has been added to parent base.

- After base material is chosen, the right welding filler for the job, and the welding technique to apply it, must be selected. This is the most important step in the manufacturing process, since the filler metal determines die life. The user should go about choosing a filler alloy the same way he would pick a given tool steel alloy to do a specific job. Deposited weld metal will respond to the same heat treatment and draw temperatures as standard tool steel.

Filler selection is made on the basis of such factors as abrasion resistance, toughness, size stability, machinability and red hardness.

- After base metal and filler alloy have been picked, the next problem is to decide how to get the two together. Here, a number of welding processes come into play. One of four processes is usually used: inert-gas, metallic arc, atomic hydrogen, or oxy-acetylene.

Inert-gas metallic arc process consists of a single tungsten electrode surrounded by an inert gas such as helium or argon. The parent metal must be grounded in order to complete the welding circuit. The filler metal is introduced within the arc by hand.

Metallic arc processes employ a coated electrode to deposit the alloy filler and are the most versatile of the processes used. The electrode is held in a holder and burnoff is effected by connecting the holder in series with the power supply. The arc is maintained by an ionized gas stream that materializes from the flux coating. Tremendous selection in core wire chemistry and coating material is possible. This is the process that allows a stainless steel type alloy to be deposited, using a mild steel core wire surrounded by a coating containing chromium and nickel alloys.

Atomic hydrogen welding uses twin tungsten electrodes (spaced apart) to draw an arc between them when an alternating current flows through the circuit. A stream of molecular hydrogen gas surrounds the arc area where the arc converts it into atomic form with a resultant absorption of heat. When the gas moves away from the arc, it releases the absorbed heat adding to the temperature of the arc. This process permits faster deposition than oxy-acetylene and is normally recommended for thin sections. Filler is introduced by hand and the parent material doesn't have to be grounded.

Oxy-acetylene welding, the most familiar of the four methods, is found in most shops. Oxygen and acetylene gases are mixed within the body of the torch and furnish a mass of hot gases upon igniting. The atmosphere can be adjusted to be neutral, oxidizing, or reducing. Filler alloy is fed by hand.

- Base material must be machined at least 1/8-in. undersize to accept the filler alloy. A minimum of two or three layers of deposited alloy must be used to prevent excessive dilution, which would ruin the properties of the filler.

Machining to finish dimensions is the final step in composite die construction. Many weld metal areas and surfaces can be machined or ground without an anneal, but this step may be necessary if intricate machining is called for. Machining is done with same speeds, design, and techniques usually needed with the filler used in the composite.

Here's your weekly guide to . . .



P/W Goes to the Tool Show



Tool Setting Machine

Gives Close Tolerances

Machine with maximum tool-setting capacities of 8-in. dia. and 18-in. depth presets cutting tools to rigid tolerances demanded by numerical controls. The machine incorporates a 40-power, illuminated microscope for optical sighting of the tool point and has slide elements which can be directly read to 0.0001 in.

Price: \$7,900 (basic machine). Delivery: approx. 2 mo.

DeVlieg Machine Co., Microbore Div., Royal Oak, Mich. (PW, 6/19/61)



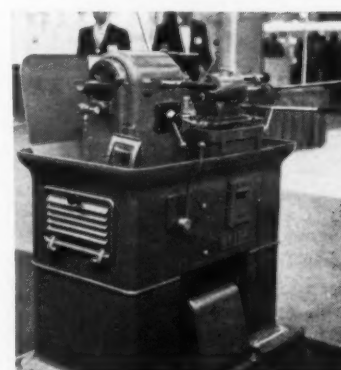
Toolholder

Comes in 124 Sizes

Holder for disposable carbide tooling offers 15 styles with 124 sizes for triangular and square inserts. Shank sizes range from 1/2 in. to 2 in. and the absence of any protruding parts on top gives a low, compact silhouette. The holder has only three parts (plus insert): locking pin, seat, and shank.

Price: \$5 to \$17.20. Delivery: immediate.

General Electric Co., Metallurgical Products Dept., Detroit, Mich. (PW, 6/19/61)



Lathe

Has 15 Tooling Stations

Turret-type lathe comes in models with 3/4- and 1 1/4-in. collet capacities with 8 and 12 speeds respectively. The vertically mounted turret of the capstan unit carries six tools. An eight-station turret available for the standard tailstock shaft increases the number of possible tooling stations to 15.

Price: \$3,300 to \$4,000. Delivery: 2 to 4 mo.

Bentley Industrial Corp., 21-19 46th Ave., Long Island City 1, N. Y. (PW, 6/19/61)



Tapping Machine

Controls Torque

Hydraulically driven tapping machine (with 13 spindle speeds between 90 rpm. and 611 rpm.) senses loads and reverses the spindle to clear chips when preset torque is approached. It has a single, 12-pitch, master lead screw and chucks are available for tap sizes up to 3 in. The standard unit drives a 1 1/2-in. tap and develops 400 in./lb. at 1,500 psi.

Price: \$2,250. Delivery: 2 to 4 wk.

Milman Engineering Co., 11162 Santa Monica Blvd., Los Angeles. (PW, 6/19/61)

New Products

Price data that accompany each product description are list or approximated prices supplied by manufacturers. Unless otherwise noted, prices quoted are for the smallest quantity that can be ordered.



Metal Disintegrator

Forms Holes

Machine uses electrode to form holes in any metal that will conduct electricity. Holes are blind or through, and round or shaped, with dia. from .025 in. to 1 in. Unit is 115 v. and stock electrodes come in 3-, 4-, 6-, 9-, and 12-in. lengths. A cabinet base is available as an option.

Price: \$985. **Delivery:** 2 to 3 wk.
Jiffy Tool Supply Co., Inc., 1503 E. Eleven Mile Rd., Royal Oak, Mich. (PW, 6/19/61)



Cut-Off Saw

Cuts All Metals

Production saw automatically cuts off all types of metals and accommodates flat stock to 16 in. x 20 in. and round stock to 16 1/4-in. dia. It uses 2-in. band saws tensioned to 5,400 lb. and has an infinitely variable band speed of 15 fpm to 400 fpm.

Price: \$15,500. **Delivery:** approx. 4 to 6 mo.
DoAll Co., Des Plaines, Ill. (PW, 6/19/61)

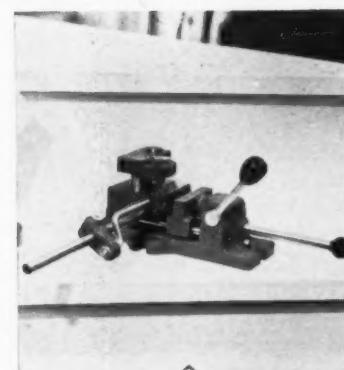


Finishing Lathe

Handles Odd Jobs

Finishing lathe is a small, lightweight unit intended to serve as an auxiliary tool. Motor speeds are 700/1,400 rpm. with main spindle speeds of 175/250/350/500 rpm. Standard equipment includes a cross-slide with rapid traverse and a three-jaw chuck with 35-mm. dia. for external and internal clamping.

Price: approx. \$850. **Delivery:** immediate to 30 days.
Claremont Co., 200 State St., Meriden, Conn. (PW, 6/19/61)

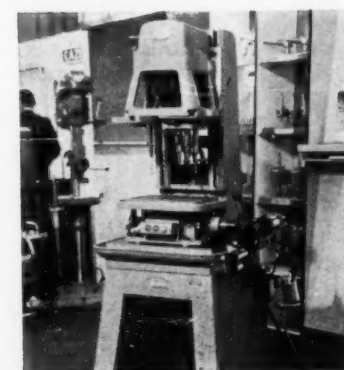


Drill Jig Attachment

Converts Vise

Unit converts manufacturer's vise to an adjustable drill jig by attaching to the stationary vise jaw in place of the removable jaw insert. Two models offer maximum round-stock capacities of 1/8-3/4 in. and 3/4-2 in. The unit locks and unlocks with one hand leaving the other free for loading.

Price: \$45 and \$55. **Delivery:** immediate.
Heinrich Tools, Inc., Racine, Wis. (PW, 6/19/61)



Drilling Machine

Handles Light Work

Drilling and tapping machine designed for light-duty applications has 12 spindle drivers, 4 speed selections, and a T-track vertical-feed work table. Working surface of the table is 10 in. x 12 in. The push-button operated machine is powered by a 1-hp., 1,800-rpm. motor.

Price: up to \$3,000. **Delivery:** immediate.
Jarvis Corp., Pease Ave., Middletown, Conn. (PW, 6/19/61)

Current

Research & Development

INDUSTRIAL FIBERS can expect competition from a new polyamide under development at DuPont. The company has begun construction of a pilot plant at Richmond, Va., to turn out the "unique" fiber which it has designated HT-1. High-temperature resistance of the fiber—which is related to nylon—is slated to lead to military applications along with industrial uses. End uses already charted include: electrical insulation, reinforcement of high temperature hose, filtration of hot gases, and special-duty beltings.

COLOR FILM for Polaroids should be available next year. The Polaroid Corp. is now turning it out on production equipment in short runs, and has set a 1962 target date for hitting the commercial market.

FOAMED EPOXY RESINS, with lower toxicity in handling and better moisture and temperature resistance than urethanes, may soon be in a better competitive position. Shell has been doing considerable research with the epoxies and has some developmental foams in circulation. The trade is inclined to believe that Shell may have come up with a method of foaming the epoxies with fluorocarbons (with which urethane can be foamed) in order to give them insulating characteristics on a par with the urethanes. The urethane price advantage, however, will be a rough hurdle.

PRESSURE CONNECTORS are being groomed at Thomas Betts & Co. as low-cost replacements for soldered connections (particularly where miniaturization is involved). The company is "vigorously" developing them and has already come up with some pressure connectors for use with new flat conductor cable which promises a wide range of applications in electronics and communications.

POLYSTER FILM, called Terefilm, which has been showing excellent electrical properties and stability at high temperatures and humidities, has just about emerged out of pilot plant stage. Its producer, Acme Backing Corp., expects soon to be ready to offer it commercially for packaging applications including laminating bases, printed webs, shrink wrapping, and as substrates for extrusion. Electrical application possibilities mentioned include an insulating material for cable and wire, capacitors and coils, and for slot liners.

NEW METAL CUTTING TECHNIQUE replaces the conventional cutting tool with a needle-point stream of liquid under thousands of pounds pressure. The "liquid lathe", developed by Abrasi-Jet Machine Tool Co. for North American Aviation, resembles a small cannon and can cut through cement, wood, and tough plastics. Development is well under way on machines to cut and shape metals and other hard materials.

RESEARCH ON A MINUTE ELECTRONIC PART able to function as switch, diode, negative-resistance diode, triode, resistor, or condenser is making excellent headway at General Electric. The company's work on electron tunneling between superconductors has indicated that such a device is possible—with an operating area that could be far smaller than the head of a pin.

COMPUTER MEMORY can store 21,700 alphanumeric characters on magnetic tape held on a card which fits into a cartridge of 256 cards. Total capacity: 803-million characters. National Cash Register has developed the "card random-access memory" (CRAM) for its NCR-315 data processing system which can accommodate up to 16 cartridges. The notched card is supported by rods until selected by an electromechanical system which drops it on a rotating drum where it is held by vacuum as long as needed.

NEW GRADES OF SCRAP for cold-metal open hearth and foundry operations are under development by the Institute of Scrap Iron & Steel which is impregnating specially prepared bundles with carbon and other additives. The Institute has been working to also improve chemical and metallurgical aspects of scrap.



Milling Machine

Has Tape Controls

Milling machine is numerically controlled by a pneumatic-hydraulic system which positions the table at speeds of 350 to 700 ipm. with an accuracy of $\pm .0005$ in. The eight-channel control tape is 1 in. wide. The milling machine has a 9 in. x 26 in. table.

Price: \$13,900 (equipped for point-to-point control). **Delivery:** 6 to 8 wk.

Moog Servocontrols, Inc., Industrial Div., East Aurora, N. Y. (PW, 6/19/61)



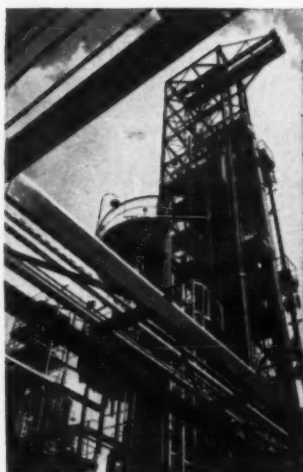
Boring Bars

Have High Rigidity

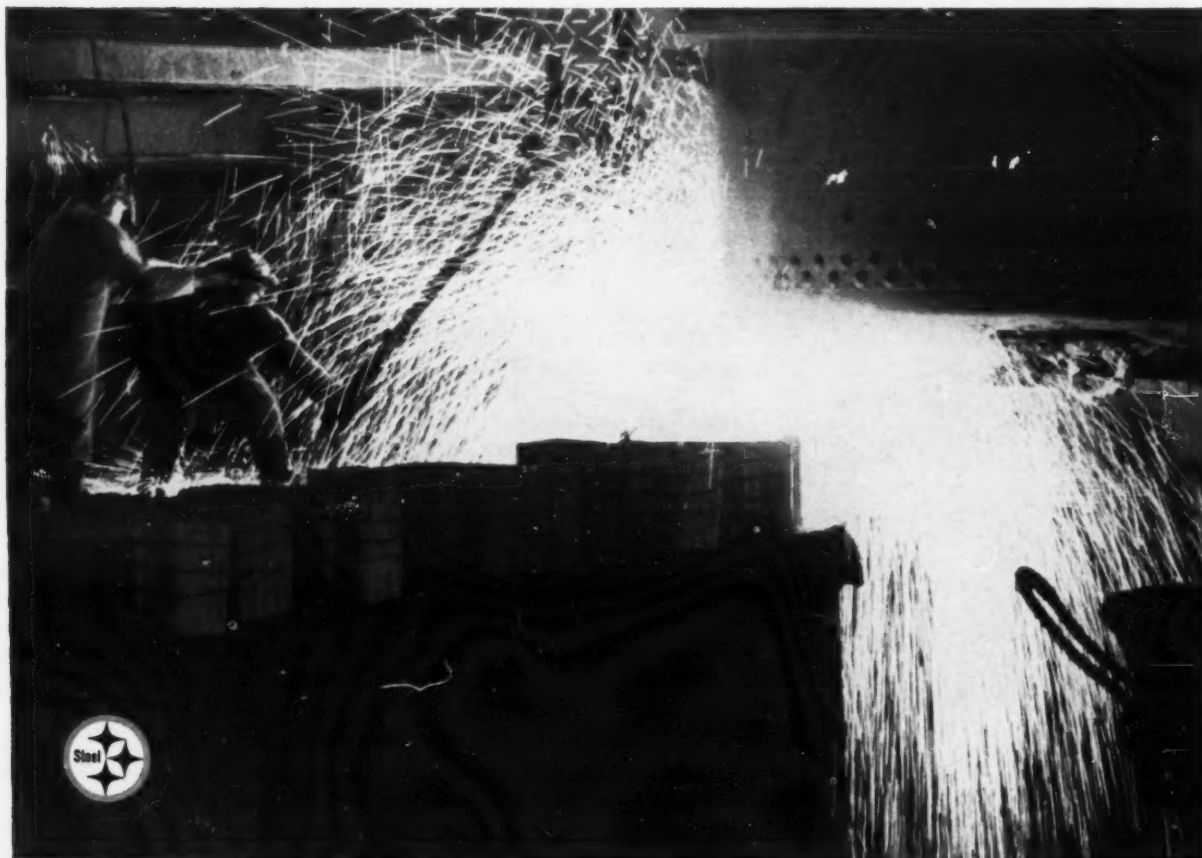
Boring bars with shanks three times as rigid as steel have $\frac{3}{8}$ -, $\frac{1}{2}$ -, $\frac{5}{8}$ -, $\frac{3}{4}$ -, and 1-in. dia. Respective lengths are 6-, 8-, 10-, and 12 in. Triangular inserts and chip-breakers are used with the bars which have been designed to eliminate chatter and reduce vibration and deflection.

Price: \$40 to \$125. **Delivery:** immediate. **Kennametal, Inc., Latrobe, Pa. (PW, 6/19/61)**

**Capacity
for
quality
quickly...**



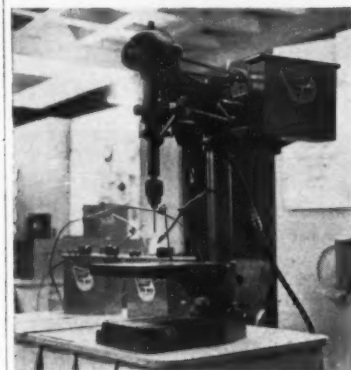
Alan Wood has several decided advantages to offer users of steel plate, sheet and strip. Capacity for quality quickly is one of them. Another is dependable product performance stemming from meticulous quality control. And our "immediate-attention-to-orders" policy adds still another *plus* when you do business with Alan Wood.



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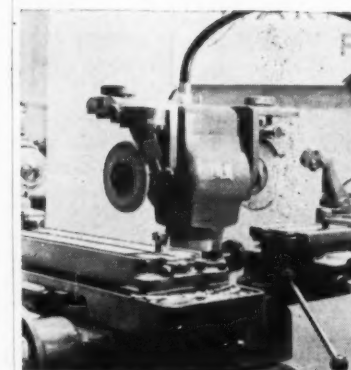
Coolant Unit

Has Automatic Control

Mist coolant unit has lever which provides for automatic control by downward and upward movement of the spindle. It fits almost all drill press units and can be used on almost any type of machine. Air and liquid are individually controlled and the valve is spring-loaded to shut off both air and liquid.

Price: \$39.95. **Delivery:** immediate.

Wesco Tool, Inc., 2820 San Fernando Blvd., Burbank, Calif. (PW, 6/19/61)



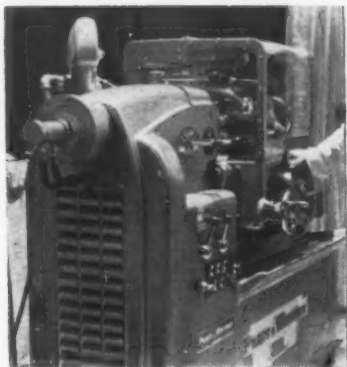
Relief Grinder

Gives Rapid Operation

Relief grinder and drill pointer has a single solid cam and grinds from .0135-in. through 1 1/32-in. straight or taper shank. It changes from right to left hand in 4 sec., to different numbers of flutes in 40 sec., and adjusts for more or less relief in 3 sec. It adjusts collets in 7 sec.

Price: \$440. **Delivery:** immediate.

Harig Mfg. Corp., 5751 W. Howard St., Chicago 48, Ill. (PW, 6/19/61)



Production Lathe

Removes Metal Rapidly

Production lathe with 7½ hp. is designed for rapid metal removal at speeds to 2,800 rpm. The machine has nine forward and reverse speeds and nine longitudinal and cross slide feeds. Carriage slide stops are adjusted by micrometer to the desired length of the cut and trip the power feed to the carriage at any point.

Price: \$5,075. **Delivery:** immediate.
Pratt & Whitney Co., Inc., West Hartford 1, Conn. (PW, 6/19/61)



Vertical Balancer

Checks Rotative Parts

Single-plane, vertical balancer handles rotors, flywheels, and other rotative parts weighing up to 200 lb and 30 in. in dia. The device uses a strobe light and has four potentiometers so that calibration for the production run of one part can be kept while another type is balanced on the machine without upsetting the first calibration.

Price: \$2,750. **Delivery:** 60 days.
Stewart-Warner Corp., 1826 Diversey Pkwy., Chicago 14, Ill. (PW, 6/19/61)



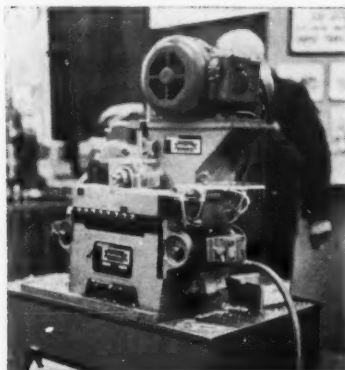
Height Gage

Has 50-Division Vernier

Height gage with 50-division vernier is available in 12- and 18-in. sizes. The master bar is hardened and stabilized for rigidity and accuracy and surfaces are hard chrome-plated for resistance to rust and stain. Gage is available alone or with an optional carrying case.

Price: \$90 and \$183 (without case). **Delivery:** immediate.

L. S. Starrett Co., Athol, Mass. (PW, 6/19/61)



Milling Attachment

Works Automatically

Automatic parts-holding attachment moves pieces under head of standard milling machine at production rates of 250 to 3,000 parts per hr. The attachment holds parts within tolerances of ±.001 in. Its chain drive moves continuously at pre-selected speeds as parts are fed into the holding fixtures which clamp and unclamp automatically. Mill head is available for use with attachment.

Price: \$1,785 (basic attachment) \$975 (mill head). **Delivery:** approx. 6 wk.

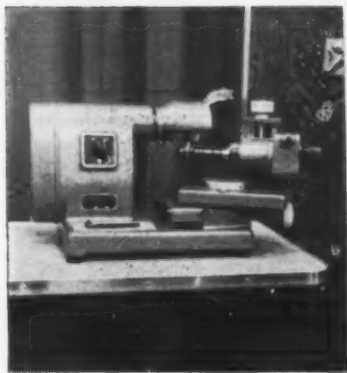
AutomaticMill, Inc., Danbury Industrial Park, Danbury Conn. (PW, 6/19/61)

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Cutter-Grinder

Handles 2-in. Tools

Precision grinder is designed to handle small HSS and carbide tools up to 2-in. in dia. It resharps and reconditions small tools with delicate cutting edges. The indexing head is mounted on a horizontal swivel plate and can be turned 30 deg. to left and 90 deg. to the right. A 20-deg. vertical swivel for the head is an optional extra.

Price: \$765. **Delivery:** 6 to 8 wk.
Alwin Fr. Wilkens, Inc., Route #22,
Pawling, N. Y. (PW, 6/19/61)



Milling Machine

Gives Versatile Operation

Machine's universal head rotates 360 deg. on two planes perpendicular to each other to permit boring, drilling, and milling on all sides and under any angle without having to shift the workpiece. The vertical head is easily mounted to rotate 360 deg. around its axis. The rotary table is 36 in. x 48 in.

Price: \$16,302 (basic unit). **Delivery:** approx. 60 days.

S & S Machinery Co., 140-53rd St.,
Brooklyn 32, N. Y. (PW, 6/19/61)



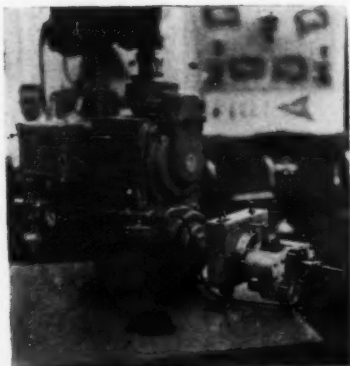
Tool Holder

Speeds Setup Time

Tool holder speeds setup time of presses for sheet metal fabrication and permits gaugings to be set to the nearest .001 in. by means of dial indicators and microbars. The unit attaches to manufacturer's presses and also can be adapted to other standard models. A rapid release feature permits quick, positive setting of the work stops on scale or dial.

Price: \$995. **Delivery:** immediate.

Wales Strippit, Inc., Buell Rd.,
Akron, Ohio, (PW, 6/19/61)



Tapping Unit

Has Variable Speed

Lead-screw tapping unit with variable speed is an electrically controlled and air-operated machine. Two models offer infinitely variable speeds of 292-1,170 rpm. and 537-2,150 rpm. with stroke travels adjustable to 2½ in. and 1½ in. respectively.

Price: approx. \$715 (unit shown). **Delivery:** 4 to 5 wk.

Procurier Safety Chuck Co.,
18 S. Clinton St., Chicago 6, Ill.
(PW, 6/19/61)

SYLVANIA SHAVES COSTS FOR SCHICK-IN PLASTICS, METALS AND ASSEMBLIES

Producing the switch for a compact, 3-speed electric razor leaves almost no margin for error. It must be precisely built and still withstand the punishing abuse of day-to-day handling.

In making the switch for the new Schick razor shown below, Sylvania Parts Division meets these requirements. Our experience with a wide range of materials resulted in better electrical contacts. And our

facilities assure durable, precision parts and assemblies as well as high-speed production. The combination means important economies to Schick.

For details, see captions at the right. For full information on how Sylvania custom parts facilities can benefit you, or for a quote on a specific project you have in mind, write Sylvania Electric Products Inc., Parts Division, Warren, Pennsylvania.





Rail-Type Mill

Has Numerical Controls

Rail-type contour milling machine designed for numerical control executes machining movements in three axes simultaneously: X-horizontal, Y-cross slide, and Z-vertical. Table motions are powered by an electric or hydraulic drive motor controlled from a 1-in. wide, eight-channel punched tape. The work table is 22 in. x 32 in.

Price: \$65,000. **Delivery:** 5 to 6 mo.
Thompson Ramo Wooldridge, Inc., 455 Sheridan Ave., Michigan City, Ind. (PW, 6/19/61)



Chucking Machine

Has Eight-Station Turret

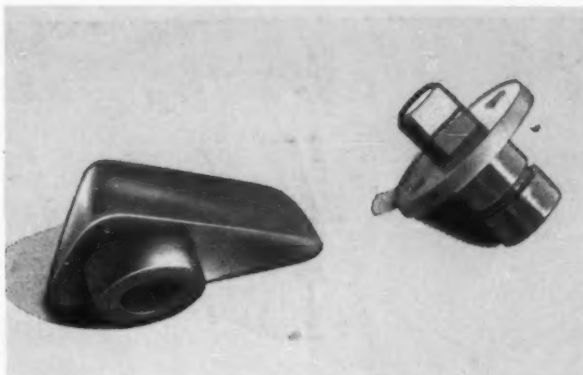
Chucking machine is high-precision unit with an eight-station turret mounted on pre-loaded sealed ball bearings for accuracy and rigidity. Maximum distance from the face of the turret to the spindle is 25½ in. Ball bearing, variable-speed drive and a flame-hardened bed are included as standard equipment.

Price: \$3,495 (basic machine). **Delivery:** 60 to 90 days.

Logan Engineering Co., 4901 W. Lawrence Ave., Chicago 30, Ill. (PW, 6/19/61)

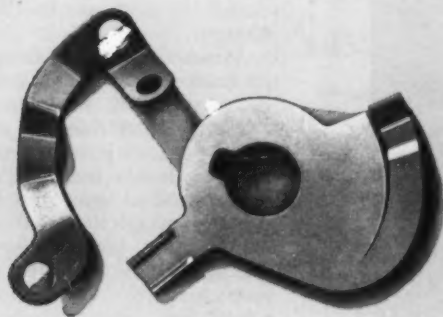
MOLDED FROM PLASTIC are parts for the switch assembly. Each must meet the tightest specifications. Example: Sylvania molds shaft and selector button from nylon, holds dimensions on both to a height and diameter of $\pm .0015$ ". In addition, the flash is controlled to $1/32$ " because the button is a snap fit on the shaft. Since Sylvania maintains one of the world's most modern and complete lines of automatic molding equipment, it can handle volume orders for compression, injection and transfer molding. And a unique bank of rotary presses can produce millions of precision parts each day—even using phenolics and urea.

Result to Schick? Precisely molded parts—in volume!



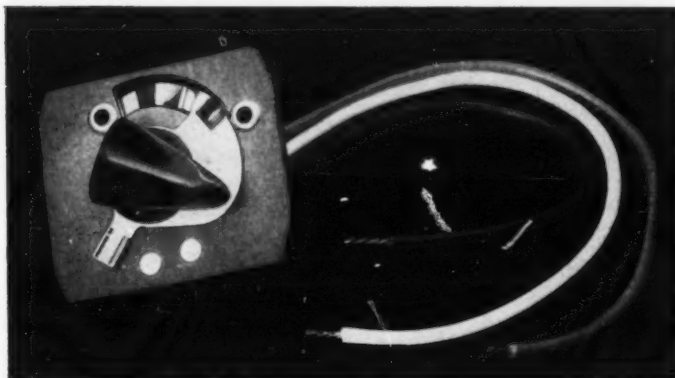
CUSTOM METAL STAMPINGS also proved important to Schick. Sylvania recommended changing the selector detent and rotor to brass, thus permitting a reduction in thickness from .015" to .010" and assuring an improvement in contact from rotor arm to detent. Sylvania made the dies necessary to produce these parts. The Sylvania metal stamping facility includes multi-slide machines, vertical presses and specially developed machines to help solve your problems.

Result to Schick? Positive electrical contacts assured while a 5° offset on the selector rotor is maintained to within $\pm 1^\circ$ day in and day out.



CUSTOM ASSEMBLY by Sylvania of the switch assembly is handled by our corps of trained specialists. Many of our customers have found that Sylvania can often deliver completely assembled and packaged products—using either all Sylvania components or a combination of some Sylvania and some customer supplied—at lower cost than is possible in the customer's own facilities.

Result to Schick? Thousands of completed, durable and precision assemblies per month.



NEED CUSTOM WELDING OR WIRE? Sylvania supplies both. To help you meet your welding needs, Sylvania has developed new high-speed, high-volume techniques and advanced welding equipment—automatic and semiautomatic. To help you with wire, only Sylvania of all major manufacturers makes all three types of bare wire—alloy, clad and plated. They're available in a full range of sizes, too—.002" to .250". Where necessary, Sylvania will precision-roll wire into ribbon connectors that offer high reliability when the circuitry calls for wire wrap contact methods.



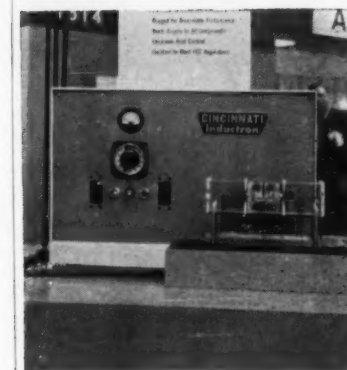
Dead Blow Hammer

Has Urethane Faces

Dead blow hammer has interchangeable faces of urethane in soft, medium, and hard grades. Six hammer weights range from 8 oz. through 3½ lb. with 1-, 1½-, and 2-in. faces. The heavyweight hammers have iron heads. Light models have aluminum heads. Handles are of laminated wood.

Price: \$3.95 to \$7.30 (hammers), and 92¢ to \$2.10 (faces). **Delivery:** immediate.

Lixie, Inc., P. O. Box 624, Providence 1, R. I. (PW, 6/19/61)



Heating Unit

Has Wide Use

Portable, induction heating unit may be used for a wide range of heat treating applications as well as annealing, normalizing, soldering, brazing, and bombardment. The heater operates at 450 kc. per sec. and is useful in the production of electronic and other small parts.

Price: approx. \$1,100 (depending on accessories). **Delivery:** immediate to 4 wk.

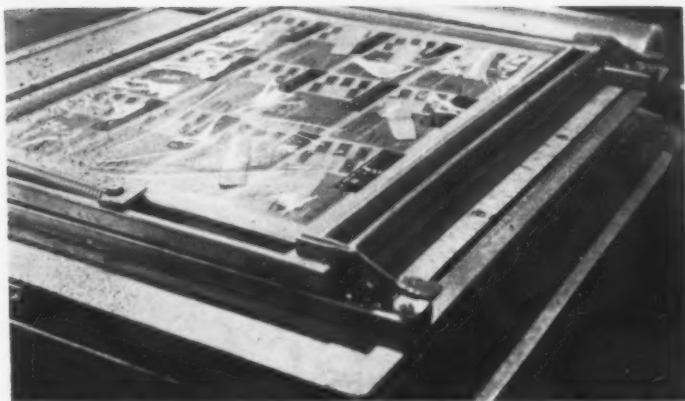
Cincinnati Milling Machine Co., 4701 Marburg Ave., Cincinnati 9, Ohio. (PW, 6/19/61)

SYLVANIA

SUBSIDIARY OF

GENERAL TELEPHONE & ELECTRONICS





PAPER-PLASTIC COMBINATIONS, such as skin packaging (above), are expanding uses for cardboard and corrugated. Recent AMA seminar also noted that special plastic coatings are winning new jobs for paper.

Paper, Boxboard Winning New Jobs in Packaging

New York—Newer surface treatments and "marriages" with plastic films and foils are winning new jobs for paper, corrugated, and boxboard, according to leaders of the packaging industry who attended an American Management Assn. seminar here.

Speaking of the newer packaging materials, and particularly of plastics, Thomas E. Cathcart, general sales manager of folding cartons for Continental Can Co., said, "When we can't fight them we join them—and in foil laminates, for instance, the board has

remained about 98% of the total weight."

Far from losing ground to other materials, he noted, paper, boxboard, and corrugated board are actually gaining and entering new areas themselves. Fiber drums, he claimed, are on their way to replacing steel drums in many applications. For other packaging jobs, the use of plastics and other materials has actually helped to increase the use of board.

"Products such as small apparel items at one time were placed

on the sales counter with no wrapping at all, then were packaged in plastic wraps alone. Most of these now are using board backing as stiffener," Cathcart reported.

Besides being "marriageable" to plastics in laminates, blisters, skin packaging, and the like, papers and boards are harnessing newer surface treatments to increase their usefulness. The additives build-in specific qualities without sacrificing strength, printability, flexibility, or other qualities. New treatments are also helping to solve old handling problems.

Surface treatments and coatings of resins, paraffins, and other materials continue to add resistance to scuffing and abrasion as well as to moisture penetration, staining, odor penetration etc. Coatings on corrugated packages have enabled them to package produce with the result that corrugated is readily replacing wooden cases.

Use Simple Package First

Commenting on packaging for industrial goods, Irwin M. Rehm, packaging engineer for RCA's Electron Tube Div., advised that when possible, boxboard and corrugated should be used for the initial product package, particularly in fields where the product design is subject to frequent change.

When the product design and its market have been established the user can evaluate other packaging materials, he said. If initial packaging were made from plastics, Rehm noted, a change in the product can scrap a mold costing several thousand dollars. A company should also work closely with the boxmaker, Rehm recommended. "See how he works and what he puts into your package. The package may be more complicated than necessary and redesign could cut costs."

The shipping box often can be used (entirely or in part) to serve as a material handling container within the plant. Rehm suggested an investigation of production and assembly techniques to see if a package can be adapted to such use.



New Signode high-speed strapping machines

It's simple. The operator positions the package or bundle, steps on the foot switch, and the strapping is applied, sealed, and severed in seconds ... more than fast enough for the highest production rates.

New M-20 Series machines apply strapping smoothly, without impact, without denting or marring your product. They maintain uniform tension at any desired value between 50 and 1500 pounds.

Life tests and up to five years of industrial operation prove that M-20 machines complete half a million strapping operations before requiring more than routine maintenance.

Strap ends are joined mechanically with a metal seal that visibly insures a proper joint regardless of dirt, paint or oil. 3-HP motors insure against overloading even at maximum tension. Easy to use, easy to learn to use. Packages can move through the machine in either direction.

Each M-20 Model straps a wide range of mixed package sizes.

This new series of six standard M-20 machines is the result of 15 years of Signode experience in designing and building most of the power strapping machines now in use.

Write or wire today for your free copy of fact-packed booklet, "Signode M-20 Series Standard Power Strapping Machines."



SIGNODE STEEL STRAPPING CO.

2670 N. Western Avenue, Chicago 47, Illinois

Offices Coast to Coast. Foreign Subsidiaries and Distributors World-Wide
In Canada: Canadian Steel Strapping Co., Ltd., Montreal • Toronto

Champion Paper

(Continued from page 19)

present, the dispatcher can contact any one of the other units simply by passing the word through drivers on the net. The company plans to get all 78 vehicles on the line eventually.

With radio dispatch, preventive maintenance, and complete performance records on all materials handling equipment, Champion is eliminating one out of every four lift trucks on the lot. Including all expenses, it costs about \$25,000 per year to operate a lift truck on a three-shift basis. Last year the company bought six lift trucks, but traded in 10. Through the short cuts of radio dispatching, it now takes six of these front loaders to do the work formerly requiring eight.

At roughly \$25,000 per year saved on each materials handling unit eliminated, the Canton division feels there's no doubt about the success of its equipment-control system.

Shift in Price Strategy Forced on Big Steel Firms

(Continued from page 1)

pens—and there may be a few more products that are open game—it's going to make it that much more difficult to justify possible price increases on some of the major volume products like sheet and structurals later on."

Buyers apparently haven't let the rise in the steel production rate to around 71% thwart their continuing efforts to get steel—or a competing material—at a lower price. There seemed little likelihood of steel producers cutting base prices on major products, but shading on extras and upgrading of products still are being demanded and received by hard-driving purchasers.

The rebar situation illustrated the impact on the market made by numerous small producers that in recent years have set up small electric furnace plants in states throughout the South and West (see P/W Aug. 11 '60, p. 1). With steel scrap prices down, they've developed strong local and regional markets at the expense of the larger producers who had large freight costs working against them.

In addition to raising eyebrows throughout the steel industry, Big Steel's rebar price action also created a stir in Washington where Sen. Estes Kefauver maintains a constant watch on steel pricing tactics and the President's Council of Economic Advisers has just launched a special study aimed at blocking any price increase move on the part of steel. The question, however, was whether it would be regarded as a justifiable action or as a threat to smaller producers.

One steel expert advised watching the price of scrap as a clue to future activity in the steel industry. As business improves and scrap prices rise, major producers will relight more blast furnaces (this already is taking place). Raw metal is cheaper than scrap, and the result is that production costs rise at that point for the smaller, nonintegrated mill and fall for the larger ones.

EDP Benefits Outweigh Headaches, Expert Says

New York—P.A.'s were urged not to reject EDP on the basis of a few unhappy experiences they had heard about.

Speaking at the second of two purchasing seminars held here by the American Management Assn., P/W Consulting Editor Martin L. Leibowitz, recommended that P.A.'s investigate carefully the areas that might benefit materially from intelligent computer programming.

Leibowitz' advice came in reply to one disgruntled delegate who voiced his disenchantment with the confusion that developed in his company when EDP was introduced. The P.A. said he thought the snarls resulted because the changeover to automated procedures had been too headlong.

Leibowitz, who is director of operations research for Systems Research Group, Inc., Mineola, N.Y., said many mistakes can be avoided if the decision to computerize is carefully formulated on clear evidence that the benefits of the change will outweigh the costs involved.

Although the rebar pricing added the biggest element of surprise and confusion in steel circles last week, other price reductions continued to widen. In the battle for the stainless sheet market, major producers met Allegheny-Ludlum's earlier reductions in extras and introduction of a sheet classification that was intended to give some customers a price break over conventional sheets. Stainless pro-



SHIPPER'S DILEMMA: River traffic, estimated at 3-million tons annually, will be tied up from eight months to a year by collapse of Wheeler Lock on the Tennessee. Break (shown left) stranded 100 barges and eight tow boats, cut off Knoxville and Chattanooga (which depend heavily on river commerce) from barge traffic. To relieve tie-ups, conveyor belts and pipelines are most likely solutions to transfer cargo over the 70 ft. dam.

ducers responded by cutting 1/2¢ to 3/4¢/lb off their conventional sheets, bringing them down to a level with Allegheny's new "roller-leveled but not resquared" sheet.

In affect this thwarted Allegheny-Ludlum's attempt to introduce a new product classification.

Previous cuts in various pipe products also continued to widen last week.

'Constant Charge' Plan of Truckers Suspended by ICC Until Next Jan. 11

Washington—Small lot shippers have won an interim victory with the suspension by Division 2 of the Interstate Commerce Commission of the so-called "constant charge" proposal of the Eastern Central Motor Carriers Assn.

As part of the same action, the division also suspended an upward adjustment of general rates proposed by ECMA. Both the constant charge scheme and general increase were to have gone into effect June 12. They are now suspended until next Jan. 11, pending an investigation by the ICC.

The constant charge system would ignore commodity classifications on shipments under 300 lb. and base rates solely on weight and mileage. The proposal drew strong protests from the National Industrial Traffic League, the American Retail Federation, and other shipping groups.

ECMA also had proposed increases of 32¢/100 lb. on shipments weighing 300-999 lb.; 20¢ on those weighing 1,000-1,999 lb., and various increases depending on minimum weights on truckload or volume commodity-rated traffic.

Lose Seven Months

Although most of the protests were aimed specifically at the constant charge proposal, ECMA truckers now find themselves deprived for at least seven months of the general rate increase because the two proposals were coupled.

The division at first voted to let the proposals go into effect but to place them under investigation. However, upon reconsideration, it decided to suspend them also.

The division also suspended and placed under investigation a proposal by the Southern Motor

Carriers Conference Rate for an interim emergency increase of 10% on less-than-truckload and volume-rated shipments between the southern territory and the middlewest and southwest territories. This also was to have gone into effect June 12.

Big Boost for Plastics: Polyethylene Okayed For Food Packaging

Washington—The plastics industry received a big assist from the recent blanket ruling by the Food and Drug Administration approving the use of polyethylene for packaging food.

Under the new ruling, polyethylene meeting standards approved by the FDA can be used to package any kind of food.

Big exception in the ruling is the provision which states that polyethylene may not be used for packages intended to hold food during cooking. However, FDA officials said amendments probably will be made to permit use of polyethylene for cooking pouches as well as for coatings on the inside of food cartons. These uses already are permitted under present temporary procedures.

Along with its ruling on polyethylene, the FDA approved the use of ethylene butene-1 copolymers for use in food packaging and processing equipment. The copolymers are similar in many ways to polyethylene, but have greater clarity and toughness.

Until now, FDA approval has been required in each individual case in which the material was used for packing foods. In addition, since 1958, the FDA has approved polyethylene for packaging fatty foods only on a temporary basis.

Purchasing Week's Purchasing Perspective

(Continued from page 1)

Philadelphia electrical equipment price conspiracy cases (see story below). The heat is being generated by government attorneys who, having won their point that some companies acted illegally in establishing certain price levels, now are demanding that these firms promise not to go too far in the other direction with "unreasonably low" prices. Defendants are protesting that such a requirement would, in effect, tie their prices to those of the industry's least efficient, or marginal, producers.

• The steel industry pricing situation is a real cliff-hanger. Traditionally a follow-the-leader in most areas of pricing, steel in recent weeks has had marginal producers and competitive materials calling the turn in an increasingly wide area of products. The big question now is what will happen later in the year when major producers must face up to a decision on the broader range of carbon steel products.

• All this emphasis on prices and pricing comes at a time when purchasing departments are trying to get squared away on future planning to guide buying for what is fully expected to be a continuing upward trend in business to perhaps record levels later in the year. It complicates the decisions of both buyers and sellers alike who contend that price should not necessarily be the prime reconsideration in the buying function. But hot competition and government regulatory activities merely serve to reemphasize the price angle and increase its importance.

• A recent issue of a business publication serving salesmen takes special note of the pricing uproar. It comments that in spite of the current hullabaloo over industrial price-rigging, bargaining for the best price still remains a "fine art" among U. S. businessmen. The publication found it pertinent to pass along this advice to its readers following a poll of sales strategists on the best way to cope with a haggling buyer:

- Chalk up the difference between list price and selling price to "promotion."
- Refuse point-blank to get involved when a buyer says that a competitor has offered a lower price.
- If a customer wants you to lower your price, try to divert him by offering an extra service.
- Persuade the customer to save by buying in bulk quantities.

• And among the P. A.'s who wanted to talk price outlook at the recent (NAPA) convention, there were those who complained that government surveillance of business activities was getting too close for comfort. Said one P. A. after a round of discussions with steel salesmen (who, incidentally, were the most numerous brand of sales people circulating at the buyers' parley): "These guys won't say anything about what's likely to occur in the future. They don't want to open their mouths without a lawyer."

A steel company sales manager agreed: "We've got a lid on price discussion at this point because we don't want somebody from Washington jumping down our throats. Pricing is a subject we are playing by ear."

New Antitrust Consent Decree Policy Putting Business on Price Tight-Rope

(Continued from page 1) of-court proceedings for alleged violations than it is to draw up an antitrust suit. Terms of a consent decree, in other words, are actually antitrust statutes tailored to the operations of a specific company.

All of this will have little direct legal effect on purchasing agents who buy electrical apparatus. The P.A. is in the clear so long as he doesn't try to bully the seller into breaking the law.

But there is bound to be some hangover from the antitrust suits which may confront the purchasing agents.

It seems certain that for a long time to come the industry will have to live with the government second-guessing its pricing policies. This should mean more price stability for electrical apparatus.

Also, the threat of damage claims pending against the defendants for alleged overcharging resulting from the price-fixing conspiracies cannot help

but put the industry on edge. Electrical companies, claim nobody was over-charged while the conspiracies were in operation, but it remains for the courts to decide the matter. Claims totaling more than \$60-million have been filed so far and more are coming in each week. It will be years before these are cleared up.

Meantime GE's balking at the terms of the proposed consent decree marks a turning point in its antitrust fight with the government. Until now, the company, and the industry generally, has quietly sat back while the trustbusters scored a smashing victory in the courts. Fines in the criminal cases totaled almost \$2-million and seven executives went to jail for breaking the law.

Now, though, GE feels it has a legitimate gripe about the proposed decree, the remedies should be up to the Justice Dept. to decide. If the companies don't like it, they can go to court where they will have the full protection of the law.

Truck Sales Rise; Backlogs Reported Developing Late News in Brief

(Continued from page 1)
a backlog of orders for its line of compact trucks and tractors, first put on the market this January. Orders are coming from large fleet buyers as well as smaller companies.

• **International Harvester** is running two 9-hr. shifts a day at its Fort Wayne plant to keep up with orders for its Scout model. Total June output for all types of trucks is expected to run about 8% greater than the 103,000 units turned out in May. But because of the slow first quarter, industry experts estimate that production for the year will be about 100,000 units less than the 1.2-million trucks made in 1960. Even so, 1961 will be a "good" year.

Backlogs are developing in the big truck lines as well as in compacts. White, for instance, reports a back order situation on its over-the-road tractors and construction trucks. White recently combined production of its Diamond T and Reo divisions in its Lansing plant, and as a result has been unable to keep up with Diamond T demand.

Mack Truck and Ford also report strong demand for heavy-duty truck models. Mack boosted production at its Allentown, Pa., assembly plant by 30% on June 1, while Ford said heavy-duty truck demand is running about 125% ahead of "committed volume"—industry jargon meaning that sales are 25% better than the level which is necessary to keep a plant running.

The big truck manufacturers report that buyers are paying more attention to optional features this year—and the industry is going all out to cater to the customers' whims.

• **Dodge** reports that 70% of its truck sales specify six-cylinder engines and that orders for automatic transmissions in trucks have doubled.

• **Chevrolet** said it will offer diesel engines as an option in its heavy-duty models next year. A

similar option was announced earlier by Studebaker.

• **White** has come up with a whole raft of new developments, including a four-man cab designed for the utility industry and a custom cab that will be an optional item on its 4000 and 9000 series of trucks and tractors.

Along with trucks, trailer sales also are presenting a brighter picture. A Fruehauf spokesman said production schedules this

month call for a 48.3% increase over May. This represents the highest level since May, 1960, he said. While the bulk of this year's sales so far has been of standard dry freight trailers, Fruehauf said it also was receiving sizable orders for its new refrigerated vans.

A spokesman for Brown Trailer Div. of Clark Equipment Co. also said business "is definitely picking up."

New Members Put FPC in Position To Define Federal Gas Pricing Role

(Continued from page 1)
the confirmation of two Kennedy appointees to the FPC—Joseph C. Swidler, who will be designated chairman, and Howard V. Morgan. A third Kennedy appointment will be made later, giving the Administration control of the five-man agency.

Both Swidler and Morgan come to the commission tagged as having the consumer viewpoint and, naturally, will try hard to keep gas prices down. Both have pledged a war on the FPC's huge backlog of undecided cases, and have promised to try to evolve clear policies to let producers know what they can get for their gas, and let users know what they must pay.

In the last few years, the average price paid producers selling in interstate commerce has crept up a penny a year per thousand cubic feet. The new FPC will try to arrest this trend in well-head prices, and take a much harder look at transmission costs.

Meanwhile, Sen. Warren G. Magnuson (D-Wash.) chairman of the Senate Commerce Committee, has introduced a bill at the request of the National Assn. of Railroad and Utilities Commissioners that would increase the FPC's power, and clamp a tight lid on gas prices.

The Magnuson Bill is being fought fiercely by producers and pipeliners. It imposes rules on

the commission to enforce a speed-up of work, and restricts the freedom of the gas companies to file rate increases. But it doesn't tackle the most difficult question: How should producers be regulated?

Rep. Oren Harris (D-Ark.), chief Congressional foe of gas producer controls, also has come up with a new approach to the question of producer price regulation. Harris has included in his bill several features of the Magnuson bill that are opposed by the gas producers.

Harris' compromise effort says, in effect, "The producers will accept some of the restrictions asked by consumers if the consumer interest will agree to a reasonable method of producer regulation."

Indications are that Harris will hold Commerce Committee hearings on his bill this summer. If he can get House action on this "omnibus" measure tackling producer regulation, the way will be open for putting the House bill together with the Magnuson version in the Senate, and settling some of the big uncertainties in gas regulation.

Heart of the new Harris bill is a paragraph prohibiting the FPC from regulating producers on the traditional public utility formula—cost plus a rate of return—that the present commission has declared impractical.

Burlington Boosts Prices

New York—Prices of worsted fabrics were boosted 15¢/yd. and polyester-worsted blends 10¢/yd. by two divisions of Burlington Industries—Raeford Worsted Co. and Pacific Mills Worsted Co. The increases are effective immediately.

Congoleum-Nairn Posts Price Increase

Kearny, N. J.—Congoleum-Nairn said it will raise wholesale prices of its Forecast Vinyl floor coverings July 1. Price of the material in 12-ft. widths will be increased about 1% and the price on 6-ft. and 9-ft. widths will be raised to match the new 12-ft. price. Forecast Vinyl in 12-ft widths now retails for about \$1.59 to \$1.69/sq. yd.

Shippers Fight Rate Hike

Atlanta—The Southern Traffic Council and the National Small Shipments Traffic Council have filed suit against the ICC in federal court here in an attempt to block a 6% rate increase by motor carriers on small shipments between the South and East. The rate hike, already approved by the ICC, is scheduled to go into effect June 22.

Stockholders OK Merger

Bridgeport, Conn.—Stockholders of Bridgeport Brass Co. and National Distillers and Chemical Corp. approved the proposed merger between their two companies. Bridgeport Brass will become an operating division of National Distillers when the merger becomes effective June 30.

DuPont Cuts Cyanide Tags

Wilmington, Del.—In the wake of the price decline of other plasticizers, DuPont Co. cut the tankcar price of hydrogens cyanide by 10¢/lb. to 13¢/lb. Hydrogen cyanide also is used as an intermediate in the manufacture of textile, pharmaceuticals, dyes, insecticides, herbicides and other chemicals.

Tin Council Slates Meeting in London To Curb Soaring International Prices

(Continued from page 1)
back to a combination of several factors:

• **Firming Demands**—World consumption has been rising steadily. Observers now put annual tin consumption at 162,000 tons—well above a year ago and more than 10,000 tons above estimated current annual output of 152,000 tons.

• **Political Strife**—The 1961 Congo supply, despite signs of recovery, won't come anywhere near the usual 10,000 tons. And political troubles in Bolivia and Indonesia have cut down output in these two countries considerably.

• **Costs**—Production costs in some mining areas have been rising. According to one Singapore spokesman, these costs combined with low prices in recent years, have forced many mines to shut down.

But despite all this near-term price bullishness, most observers don't see any headlong rush to a \$1.25 price. They note that world capacity (as opposed to current output) is still above world demand and that Malaya is increasing production still more while many of the marginal mines that had to be shut down because of costs may soon be starting up again.

Also militating against runaway prices is the fact that U.S. tinplaters already have enough supply on hand to carry them well into 1962. They can afford to sit on the sidelines for a while and hence not contribute to an already tight situation.

Still another factor to consider is industry pressure to halt the price uptrend. Even though platers are well stocked, they

are beginning to complain about rising tin prices. They note that growing inroads made by aluminum cans makes it mandatory that they keep tin costs down.

Unless there's a leveling off soon there could be growing pressure to release some of Uncle Sam's huge military stockpile. And there's plenty there. According to tin spokesmen, the 400,000 tons held by Uncle Sam represents a 6-8 year domestic supply.

Larger Sales of Rubber From Stockpile Studied

Washington—Government officials are examining proposals to step up the sale of rubber from federal stockpile, but no policy change is imminent.

Government Services Administration (GSA) wants to increase the volume of sales from its stockpile and probably reduce the 30¢-a-pound cutoff, below which sales are prohibited. GSA feels it should have been selling more rubber in anticipation of deterioration of quality.

GSA is permitted to sell deteriorated rubber from the stockpile, but it commands an inferior price. Lower restrictions would enable it to sell aging rubber before actual deterioration.

Other agencies concerned with these rubber sales—the State Dept. and the Office of Civil and Defense Mobilization—have interests to consider beyond the efficient disposal and turnover of the government's stockpile. They are reported opposed to a lowering of restrictions in order to avoid upsetting the market.

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Tin salts, potassium stannate, lb.....	.005	.832	metal hikes
Sodium stannate, lb.....	.004	.695	metal hikes
Tin crystals, anhyd., lb.....	.006	\$1.074	metal hikes
Asphalt floor tiles, brown & black.....	3.4%	incr. costs
Potassium chloride, chemical-grade, Tnt'l Minerals & Chem., July 1, ton.....	\$2.00	\$31.00	good demand
Worsted fabrics & polyester-worsted blends, Burlington, yd.15 & .10	improved demand
REDUCTIONS			
Turpentine, N. Y., gum, gal.....	.05	.81	incr. supply
Wood, steam dist., gal.....	.05	.78	incr. supply
Wood, sulfate, gal.....	.05	.71	incr. supply
Gum rosins, N. Y., crlts., Katy, Mary, cwt.....	.25	\$12.75	incr. supply
Nancy, cwt.....	.40	\$12.85	incr. supply
Window glass, lb.....	.55	\$12.95	incr. supply
Water white, cwt.....	.75	\$13.00	incr. supply
Hydrocyanic acid, Du Pont, tnkers., lb.....	.01	.13	prod. econs.
Azelaic acid, Emery Inds., crld., lb.....	.03	.37	prod. econs.
Acrylic carpet staple (Acrilan), Cemstrand, lb.....	.06	.89
Menthol, Brazilian, lb.....	.15	\$7.35	low demand
Phenobarbital, USP, lb.....	.50	\$2.75	competition
Hydrofluoric acid, aqueous, cwt.....	\$1.90	\$11.50
Anhydrous, cwt.....	\$2.00	\$16.00
Ethoxylates, nonylphenol & dodecylphenol, tanks, lb....	.031	.169	competition
Gum turps., So., tnkers., gal.....	.055	.25	incr. supply
Palmitic acid, 90%, tanks, lb.....	.0075	.20875	tallow cuts
Rosin sizes, Hercules Powder.....	to 14%



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